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AUGUST 1974

MARKETING & TRANSPORTATION Situation



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PRODUCT SECTION
CURRENT SERIAL RECORDS

MARKET FACTS

Item	Unit or base period	1973			1974	
		Year	2nd. qtr.	3rd. qtr.	1st. qtr.	2nd. qtr.
Farm-Retail Price Spreads: <u>1/</u>						
Retail cost	Dol.	1537	1497	1604	1720	1731
Farm value	Dol.	700	674	779	777	698
Farm-retail spread	Dol.	837	823	825	943	1033
Farmer's share of retail cost	Pct.	46	45	49	45	40
Retail Prices: <u>2/</u>						
All goods and services (CPI)	1967=100	133.1	131.5	134.4	141.4	145.6
All food	1967=100	141.4	138.1	146.2	156.8	159.5
Food at home	1967=100	141.4	138.0	147.1	158.0	160.2
Food away from home	1967=100	141.4	138.6	142.8	152.6	157.1
Wholesale Prices: <u>2/</u>						
Food <u>3/</u>	1967=100	146.9	143.4	154.4	167.7	166.0
Cotton products	1967=100	143.6	137.3	148.3	172.7	177.3
Woolen products	1967=100	128.2	129.5	133.6	128.7	120.6
Agricultural Prices:						
Prices received by farmers	1967=100	172	164	190	199	174
Prices paid by farmers, interest, taxes and wage rates	1967=100	145	143	149	159	165
Prices of Marketing Inputs:						
Containers and packaging materials	1967=100	123	123	124	131	145
Fuel, power, and light	1967=100	138	135	138	175	200
Services <u>4/</u>	1967=100	146	145	147	149	155
Hourly Earnings:						
Food marketing employees <u>5/</u>	Dol.	3.66	3.63	3.67	3.85	-
Employees, private nonagricultural sector <u>2/</u>	Dol.	3.89	3.85	3.93	4.04	4.13
Farmers' Marketings and Income:						
Physical volume of farm marketings	1967=100	116	87	109	104	89
Cash receipts from farm marketings <u>6/</u> ..	Bil. dol.	88.6	84.8	93.6	98.0	91.3
Farmers' realized net income <u>6/</u>	Bil. dol.	32.2	30.3	34.8	32.9	23.9
Industrial Production: <u>7/</u>						
Food manufacturers	1967=100	122.7	121.3	122.8	126.7	126.2
Textile mill products	1967=100	127.3	127.5	129.4	127.0	-
Apparel products	1967=100	113.2	110.9	113.7	113.3	-
Tobacco products	1967=100	110.6	110.7	108.2	111.9	-
Retail Sales: <u>8/</u>						
Food stores	Mil. dol.	105,731	25,879	27,084	28,779	-
Eating and drinking places	Mil. dol.	37,925	9,241	9,541	9,975	-
Apparel stores	Mil. dol.	24,062	5,837	6,037	6,276	-
Consumers' Per Capita Income and Expenditures: <u>9/</u>						
Disposable personal income	Dol.	4,295	4,244	4,340	4,497	4,563
Expenditures for goods and services ...	Dol.	3,827	3,801	3,876	3,976	4,094
Expenditures for food	Dol.	682	665	701	745	758
Expenditures for food as percentage of disposable income	Pct.	15.9	15.7	16.2	16.6	16.6

1/ For a market basket of farm foods. 2/ Dept. of Labor. 3/ Processed foods, eggs, and fresh and dried fruits and vegetables. 4/ Includes such items as rent, property insurance and maintenance, and telephone. 5/ Average hourly earnings of production workers in food processing, and nonsupervisory workers in wholesale and retail food trades, calculated from Dept. of Labor data. 6/ Quarterly data seasonally adjusted at annual rates. 7/ Seasonally adjusted, Board of Governors of Federal Reserve System. 8/ Quarterly data seasonally adjusted, Dept. of Commerce. 9/ Seasonally adjusted annual rates, calculated from Dept. of Commerce data. Percentages have been calculated from total income and expenditure data.

MARKETING AND TRANSPORTATION SITUATION

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SUMMARY

Following a sharp run-up of marketing margins in the past 12 months, margins may narrow slightly in the second half of the year, moderating the impact of strengthening farm prices on retail food prices. The rise in charges for fuel, transportation, packaging, and labor, which have contributed to higher costs for food marketing firms the past year, is expected to moderate during the remainder of the year. For the year, however, marketing spreads for assembling, processing, transporting, and distributing a market basket of foods from U.S. farms may average about 20 percent above 1973, the largest annual increase on record.

Retail prices for these farm-produced foods were sharply higher in the first half of 1974 than a year earlier. While prices are likely to move higher in the second half, the increase from a year earlier is expected to be smaller than during the first half of 1974.

The retail cost of a market basket of foods produced on U.S. farms averaged \$1,731 (annual rate) in the second quarter of 1974, up 0.6 percent from the previous quarter. However, meat, poultry, and egg prices declined substantially in the second quarter. Consumers paid about 16 percent more for farm foods in April-June of this year than a year earlier. Retail prices for crop foods and dairy products were significantly higher than a year ago.

Gross returns to farmers (farm value of quantities of farm commodities equivalent to retail units) for market basket foods averaged \$698 in the second quarter of this year, 10 percent less than in the first quarter but about 3 percent more than a year earlier. Returns to farmers for cattle, hogs, poultry, and eggs fell sharply in the second quarter in response to increased production. On a monthly basis, returns to farmers peaked in February, then decreased sharply each month through June. Returns rose sharply in July.

Farmers received an average of 40 cents of the dollar consumers spent in retail food stores for farm-produced foods in the second quarter. This share was 5 cents less than in either the previous quarter or the second quarter of 1973. The share averaged 39 cents in June, the lowest in about 2 years.

Farm retail spreads widened significantly for the

market basket as a whole in the second quarter as retail prices failed to reflect lower farm prices. The spread between the retail cost and the farm value of the farm-food market basket averaged \$1,033 in the second quarter, up a tenth from the previous quarter, and up a fourth from a year earlier. The spreads or gross margins for assembling, processing, transporting, and distributing most market basket foods increased from year-earlier levels, with spreads for meats, bakery and cereal products, and oilseed products increasing most.

In 1973, consumers spent \$132.2 billion for domestic farm foods, 13 percent more than in 1972. Increased meat expenditures, reflecting sharply higher prices, accounted for more than a fourth of the rise.

FARM-FOOD MARKET BASKET STATISTICS

Retail Cost

Retail prices for foods produced on U.S. farms continued to push higher during the second quarter of this year although at a much slower rate than during the first quarter. Consumers paid an average of \$1,731 (annual rate) for a market basket of farm-originated foods in the second quarter, \$11 or 0.6 percent more than in the previous quarter (table 1).¹ This compared with an increase of 5.2 percent in the first quarter. Sharp increases in the second quarter for fruits and vegetables, fats and oils products, and bakery and cereal products were partially offset by sharp decreases for meat products, poultry, and eggs. During the second quarter, retail cost of market basket foods changed little (table 2).

Compared with the second quarter last year, the retail cost of market basket foods was up 15.6 percent. Retail prices were up significantly for most crop products and dairy products. In contrast, prices for eggs, beef, and pork averaged only slightly above a year earlier levels and prices for poultry averaged

The marketing bill—an estimate of the annual cost of transporting, processing, and distributing domestic farm foods—rose 5 percent in 1973 to \$82.3 billion, about equalling the average annual increase of the past 10 years. Labor costs, nearly half of the bill, rose 7 percent, reflecting a further rise in hourly earnings and man-hours worked. Rail and truck transportation costs amounted to \$6.1 billion. Before-tax profits that firms derived from marketing farm foods totaled \$4.6 billion, up almost a third from 1972.

Farmers received \$49.9 billion for farm food products in 1973, 29 percent more than in 1972 and double the largest previous increase in 1951. Meat products accounted for a third of the increase, but returns to farmers for most food commodities rose substantially, due mainly to higher farm prices.

considerably lower. Increases from a year earlier were largest for fats and oils products, bakery and cereal products, and dairy products. Price increases from year-earlier levels for individual products varied widely—dry beans tripled; rice doubled; sugar rose 75 percent; vegetable shortening, 70 percent; potatoes, 60 percent; flour 55 percent; bread 32 percent; milk, 28 percent. Crop products accounted for about three-fourths of the rise in the market basket from a year earlier. Of the animal products which accounted for the remainder of the rise, dairy products increased the most.

The retail cost of market basket foods in the second quarter averaged 60 percent higher than the 1967 level.

Farm Value

Returns to farmers for foods in the market basket averaged \$680 (annual rate) in the second quarter, down \$79 or 10 percent from the first quarter of this year. Decreases were mainly confined to wheat and animal products. Farm values for fresh fruits and vegetables posted the largest gain during the quarter. After peaking in February, farm values for market basket foods dropped markedly each month through June as larger supplies for key food items became available, particularly animal products (fig. 1).

The farm value of market basket foods in the second quarter this year averaged 3.4 percent higher than a year earlier, but there was considerable variation among products. Returns for meat products, poultry, and eggs averaged considerably lower than a year earlier. In contrast, returns for milk, grain products, oilseed products and processed fruits and vegetables were up significantly.

The farm value for market basket foods in the second quarter averaged 66 percent above the 1967 level.

¹The market basket contains the average quantities of domestic, farm-originated food products purchased annually per household in 1960 and 1961 by wage-earners and clerical worker families and single workers living alone. Its retail cost is calculated from retail prices published by the Bureau of Labor Statistics. The retail cost of the market basket foods is less than the cost of all foods bought per household, since it does not include cost of meals in eating places, imported foods, seafoods or other foods not of U.S. farm origin. The farm value is the gross return to farmers for the farm products equivalent to foods in the market basket minus allowances for byproducts. It is based on prices at the first point of sale and may include some marketing charges incurred by farmers such as grading and packing for some commodities. The farm retail spread—difference between the retail cost and farm value—is an estimate of the total gross margin received by marketing firms for assembling, processing, transporting, and distributing the products in the market basket.

Table 1.--The market basket of farm foods by product group: Retail cost, farm value and farm-retail spread, second quarter 1974 with comparisons 1/

Item	II 1974	Change from:			
		Previous quarter		Year ago	
		Dollars	Dollars	Percent	Dollars
Retail cost					
Market basket	1,730.83	10.81	0.6	233.78	15.6
Meat	515.94	-44.20	-7.9	7.95	1.6
Dairy	302.92	10.62	3.6	63.32	26.4
Poultry	65.53	-6.74	-9.3	-4.72	-6.7
Eggs	50.14	-16.26	-24.5	.34	.7
Bakery and cereal ...	275.57	16.23	6.3	72.06	35.4
Fresh fruits	72.38	3.87	5.6	5.80	8.7
Fresh vegetables	138.42	22.23	19.1	19.47	16.4
Processed fruits and vegetables	160.51	8.69	5.7	27.35	20.5
Fats and oils	72.46	8.30	12.9	25.88	55.6
Miscellaneous	76.96	8.07	11.7	16.33	26.9
Farm value					
Market basket	697.53	-79.45	-10.2	23.25	3.4
Meat	275.84	-50.55	-15.5	-46.40	-14.4
Dairy	150.72	-5.35	-3.4	36.03	31.4
Poultry	34.90	-5.06	-12.7	-5.58	-13.8
Eggs	32.11	-14.72	-31.4	-1.14	-3.4
Bakery and cereal ...	56.66	-15.08	-21.0	15.14	36.5
Fresh fruits	22.46	2.34	11.6	-1.43	-6.0
Fresh vegetables	47.70	7.29	18.0	1.30	2.8
Processed fruits and vegetables	34.42	1.95	6.0	9.67	39.1
Fats and oils	29.67	.46	1.6	12.82	76.1
Miscellaneous	13.05	-.73	-5.3	2.84	27.8
Farm-retail spread					
Market basket	1,033.30	90.26	9.6	210.53	25.6
Meat	240.10	6.35	2.7	54.35	29.3
Dairy	152.20	15.97	11.7	27.29	21.8
Poultry	30.63	-1.68	-5.2	.86	2.9
Eggs	18.03	-1.54	-7.9	1.48	8.9
Bakery and cereal ...	218.91	31.31	16.7	56.92	35.1
Fresh fruits	49.92	1.53	3.2	7.23	16.9
Fresh vegetables	90.72	14.94	19.7	18.17	25.0
Processed fruits and vegetables	126.09	6.74	5.6	17.68	16.3
Fats and oils	42.79	7.84	22.4	13.06	43.9
Miscellaneous	63.91	8.80	16.0	13.49	26.8

1/ The market basket contains the average quantities of farm-originated foods purchased annually per household in 1960-61. Retail cost is calculated from U.S. average retail prices collected by the Bureau of Labor Statistics. Farm value is payment to farmer for equivalent quantities of farm products minus imputed value of byproducts obtained in processing. Quarterly data are annual rates. Additional data are shown in tables at the back of this report.

Table 2.--The market basket of farm food: Retail cost, farm value, farm-retail spread, and farmer's share of the retail cost ^{1/}

Year and quarter	Retail cost	Farm value	Farm-retail spread	Farmer's share	Month	Retail cost	Farm value	Farm-retail spread	Farmer's share
	1967 = 100			Percent		1967 = 100			Percent
Average:					1972				
1947-49 ..	82.9	106.9	67.7	50	January ..	117.8	120.7	115.9	40
1957-59 ..	91.5	94.8	89.5	40	February ..	120.3	122.5	118.9	39
					March	120.4	120.3	120.4	39
1963	93.2	90.2	95.1	38	April	119.9	119.9	119.9	39
1964	93.4	90.0	95.5	37	May	119.8	122.1	118.3	40
1965	96.0	99.2	93.9	40	June	120.6	125.2	117.7	40
1966	101.1	106.3	97.8	41	July	122.2	128.9	118.0	41
1967	100.0	100.0	100.0	39	August ...	122.6	126.8	120.0	40
1968	103.6	105.3	102.5	39	September :	122.6	129.5	118.2	41
1969	109.1	114.8	105.5	41	October ..	122.5	125.8	120.4	40
1970	113.7	114.1	113.4	39	November ..	123.1	126.3	121.0	40
1971	115.7	114.4	116.5	38	December ..	123.8	132.8	118.1	42
1972	121.3	125.1	118.9	40					
1973 ^{2/}	142.3	167.0	126.6	46	1973				
					January ..	127.2	142.3	117.7	43
1971					February ..	130.4	147.7	119.4	44
I	113.2	112.3	113.8	38	March	134.9	157.9	120.3	45
II	115.7	113.8	117.0	38	April	137.0	158.0	123.7	45
III	117.3	115.5	118.4	38	May	138.2	158.1	125.6	44
IV	116.7	116.1	116.9	39	June	140.4	166.5	123.9	46
					July	141.5	171.7	122.4	47
1972					August ...	153.0	205.3	119.9	52
I	119.5	121.2	118.4	39	September :	150.7	180.6	131.8	46
II	120.1	122.4	118.6	40	October ..	149.9	174.2	134.5	45
III	122.5	128.4	118.7	41	November ..	151.2	169.0	139.9	43
IV	123.1	128.3	119.9	40	December ..	152.7	173.	139.5	44
1973					1974 ^{2/}				
I	130.8	149.3	119.1	44	January ..	155.5	184.6	137.0	46
II	138.5	160.9	124.4	45	February ..	160.3	189.8	141.6	46
III	148.4	181.2	124.6	47	March	161.7	181.5	149.0	44
IV	151.3	172.3	138.0	44	April	159.9	172.9	151.7	42
					May	160.4	164.2	158.0	40
1974					June	160.2	162.2	158.9	39
I	159.2	185.3	142.6	45	July				
II	160.2	166.4	156.2	40	August ...				
III					September :				
IV					October ..				
					November ..				
					December ..				

^{1/} The market basket contains the average quantities of domestic, farm-originated food products purchased annually per household in 1960 and 1961 by wage-earners and clerical worker families and workers living alone. Its retail cost is calculated from retail prices published by the Bureau of Labor Statistics. The farm value is the gross return to farmers for the farm products equivalent to foods in the market basket. The farm-retail spread--difference between the retail cost and farm value--is an estimate of the total gross margin received by marketing firms for assembling, processing, transporting, and distributing the products in the market basket. Indexes may be converted to dollar totals by multiplying by the following amounts for 1967: retail cost, \$1,080.64; farm value, \$419.07; and farm-retail spread, \$661.57. Quarterly and monthly data are annual rates. Additional historical data are published in Farm-Retail Spreads for Food Products, Misc. Pub. 741, January 1972. ^{2/} Preliminary.

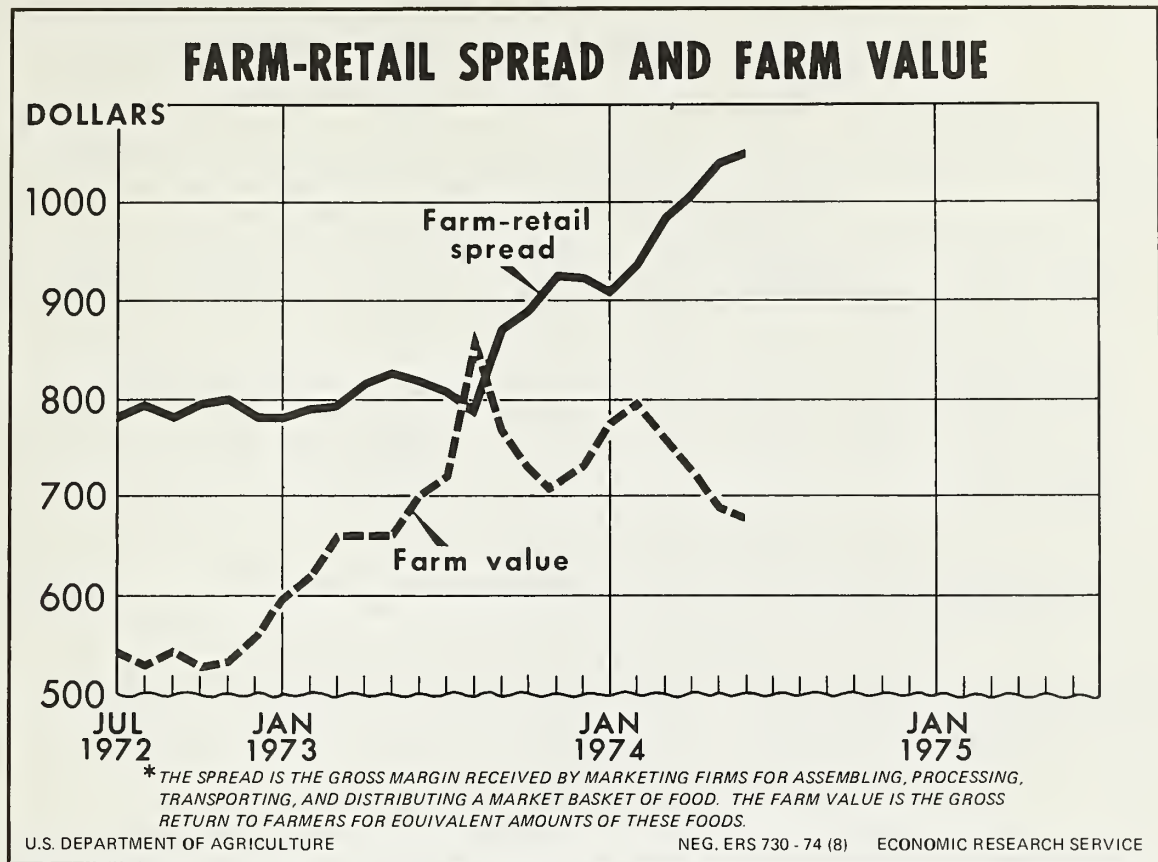


Figure 1

Farm-Retail Spreads

The upward trend in marketing margins accelerated sharply in the second quarter as retail prices failed to reflect rapidly decreasing farm prices. The spread between the retail cost and the farm value of the market basket averaged \$1,033 (annual rate), \$90 or 9.6 percent wider than in the first quarter of this year. Marketing spreads increased for most products, but increases were greatest for fats and oils products, bakery and cereal products, and fresh vegetables. Spreads for both poultry and eggs decreased.

Compared with a year ago, margins taken by food marketing firms in the second quarter widened 25.6 percent. Margins for all products widened, but increases for meat products, bakery and cereal products and fats and oils products were greater than the average increase. In contrast, margins for poultry widened least with a 3 percent increase, followed by eggs at 9 percent.

Marketing margins spiraled upward each month from August 1973 to June 1974 except for slight decreases in December and January. In August of last year, marketing spreads were severely squeezed

as farm prices surged up following the end of the retail price freeze (fig. 2). Marketing margins increased an unprecedented 36 percent from August to June as marketing firms adjusted margins following the price freeze and attempted to cover rapidly rising costs for labor, transportation, energy, and most other items they purchased. Marketing spreads in the second quarter of this year were 58 percent higher than 1967.

Farmer's Share

Because returns to farmers dropped sharply in the second quarter of this year and retail prices changed relatively little, the farmer's share of the consumer's dollar spent in retail food stores dropped to 40 cents in this period. It was 45 cents in both the previous quarter and in the second quarter of 1973. During the past 12 months, the farmer's share has ranged from 52 cents in August to 39 cents in June, the same as in 1967.

Outlook

Retail food prices may continue to rise in the second half of 1974 although at a slower pace than during the

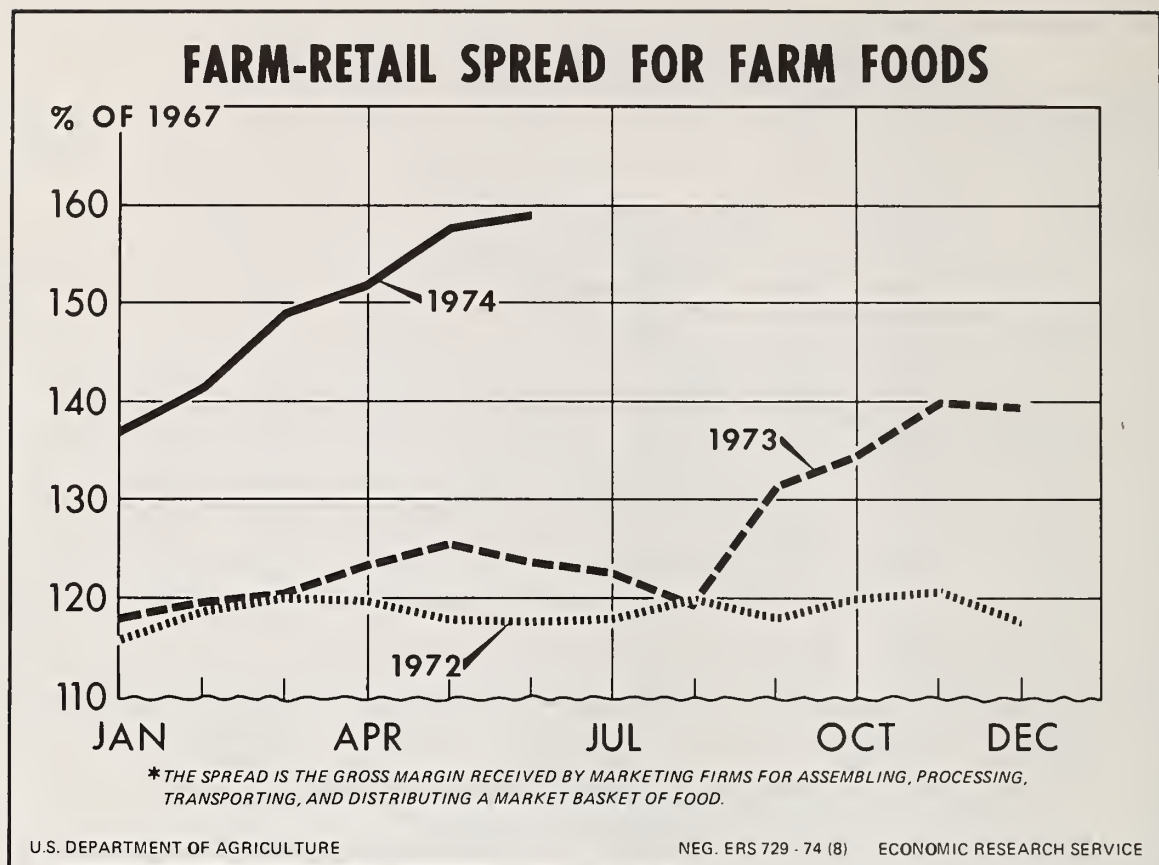


Figure 2

first half of the year and the second half of 1973. The extent of the rise depends upon the strength of farm prices, crop harvests, and the behavior of marketing margins. Prices for other than domestically produced foods, such as coffee and imported sugar, may show greater increases than farm foods.

Following the large increase in the first half of the year, margins may be squeezed in the third quarter if farm prices strengthen as expected. In the fourth quarter returns to farmers could decrease seasonally and margins may again widen slightly. For the year, marketing margins may average around 20 percent above 1973, nearly triple the increase from 1972 to 1973, and the largest increase on record. Since margins often widen when farm prices drop and narrow when farm prices rise, changes in the agricultural outlook as 1974's production becomes more certain could affect this estimate. Lower food production and higher farm prices than expected would likely hold the increase in margins for the year to around 19 percent. Conversely, larger supplies and lower farm prices could result in larger increase in margins for the year of around 22 percent. Rising costs for fuel, transportation, packaging, labor, and

other items purchased by marketing firms have built a higher basic cost structure into the food marketing system, but overall cost increases comparable to those occurring last fall and winter are not expected during the remainder of 1974.

Commodity Highlights

Beef: Retail prices for Choice beef averaged \$1.34 per pound in the second quarter, down about 10.6 cents from the record level of the previous quarter (table 3). This decrease resulted from a decline in cattle prices, due to increasing supplies of red meat and poultry. The net farm value of the quantity of live cattle equivalent to the retail cuts decreased 10.4 cents to 81.7 cents. As a result the farm-retail spread changed little from the first to second quarter.

Compared with a year earlier, retail prices for Choice beef averaged about 1 cent per pound lower in the second quarter. In contrast, the farm value was down 11 cents. Prices for Choice steers in 7 Midwestern markets and California (used in computing the gross farm value for Choice beef) averaged \$39.81 per hundredweight, compared with

Table 3.--Beef, pork, and lamb: Retail price, carcass value, farm value, farm-retail spread, and farmer's share of retail price, annually 1970-73, quarterly 1973-74

[illegible]

1/ Estimated weighted average price of retail cuts. 2/ For quantity equivalent to 1 lb. of retail cuts: Beef, 1.41 lb. of carcass beef; pork, 1.07 lb. of wholesale cuts; lamb, 1.18 lb. of carcass lamb.

3/ Payment to farmer for quantity of live animal equivalent to 1 lb. of retail cuts: Beef, 2.28 lb.; pork, 1.97 lb.; lamb, quantity varies by months from 2.42 lb. in May to 2.48 lb. in October. 4/ Portion of gross farm value attributed to edible and inedible byproducts. 5/ Gross farm value minus byproduct allowance. 6/ Carcass value, farm value, and spreads have been revised, 1970 to date. See note in this issue. 7/ Includes estimated carcass value for August 1973. See note in MTS 192.

\$45.72 a year earlier. Both the carcass-retail and the farm-carcass components of the farm-retail spread increased substantially—5.3 cents and 4.4 cents, respectively (fig. 3).

Pork: Farm-retail spreads for pork continued to increase in the second quarter as returns to farmers dropped sharply. The net farm value of the quantity of live hog equivalent to a pound of pork sold at retail averaged 47.9 cents in the second quarter, down 18.1 cents from the previous quarter. The retail price averaged 99.3 cents per pound, down 15.9 cents. As a result, marketing margins widened another 2.2 cents to 51.4 cents. All of this increase was in the farm-wholesale component which includes the packer's margin. Pork margins declined sharply in June but were substantially above year earlier levels (fig. 4).

Although the retail price for pork cuts in the second quarter averaged 3.8 cents per pound below year earlier levels, the farm-retail spread widened 13.1 cents. Thus, retail prices for pork cuts only partially reflected the sharp decrease in hog prices from last year.

Note: Beef and Pork Price Spread Revisions

Farm and wholesale values used to compute price spreads for beef and pork have been revised to reflect

increases in transportation costs and other farmer marketing costs from 1970 to date (tables 3, 18, and 19). The revision slightly lowers net farm values and increases carcass values for beef and wholesale value for pork. Transportation costs and other farmer-marketing costs are deducted from market prices to obtain the farm value. The amount of the decrease in farm value ranged from 0.1 cent in 1971 to 0.4 cent in 1974 for both beef and pork. The increase in carcass value for beef ranged from 0.1 cent in 1972 to 0.4 cent in 1974. Similarly, the increase in the wholesale values of pork cuts ranged from 0.1 cent in 1971 to 0.5 cent in 1974.

The increase in the carcass value of beef and wholesale value of pork slightly reduces the carcass-to-retail spread for beef and the wholesale-to-retail spread for pork. In contrast, the revision in net farm values and revision in carcass and wholesale values increases the farm-carcass spread for beef and farm-wholesale spread for pork. Overall, the revisions widened the total farm-to-retail spread for both beef and pork by the amount of the change in farm values. These revisions do not change the portion of these spreads that comprise the packers' or retailers' margin.

Fresh Vegetables: Retail prices for fresh vegetables in the second quarter averaged 16 percent higher

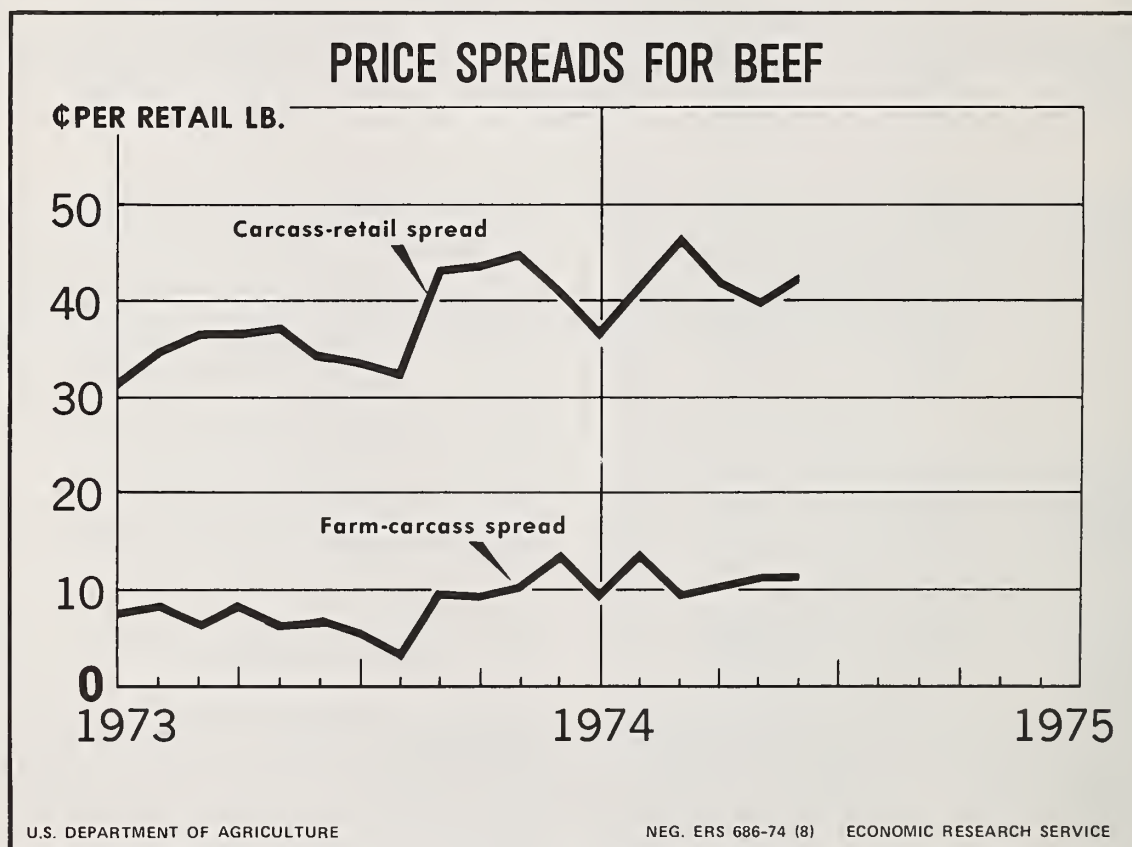
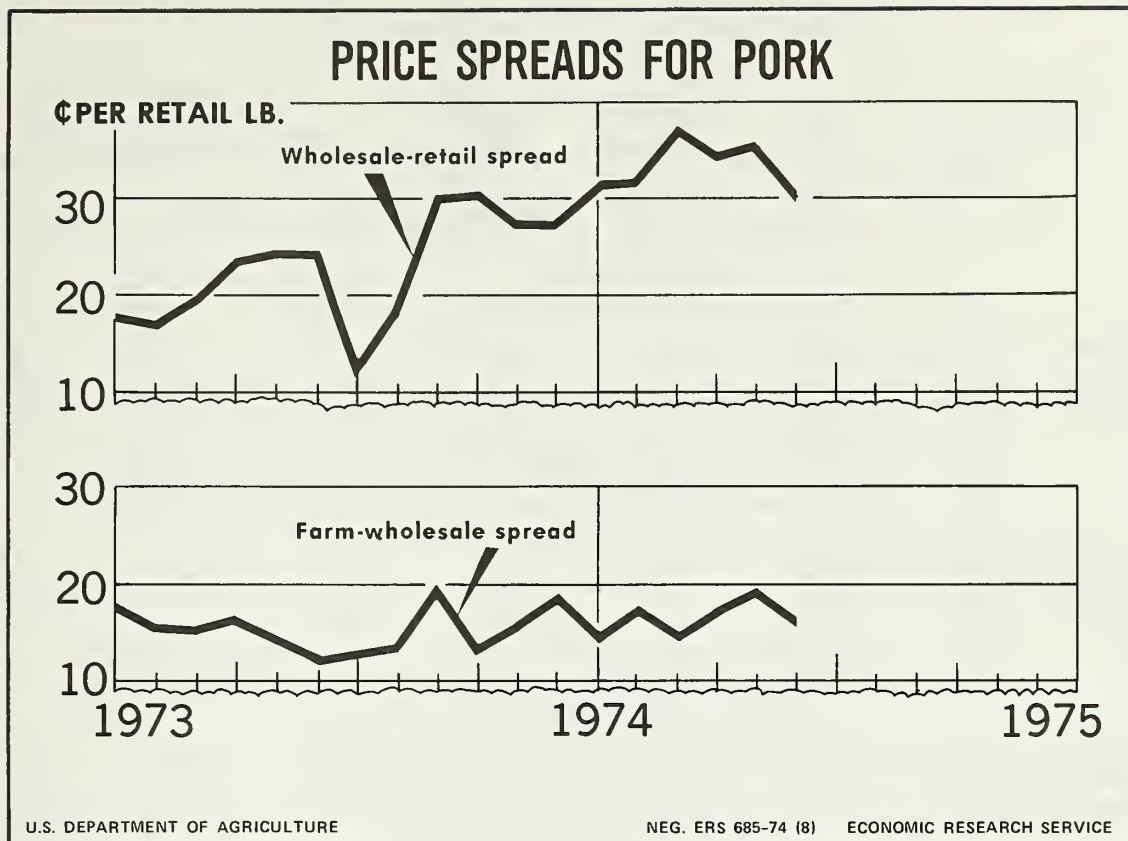


Figure 3



than a year earlier. Marketing margins widened about 25 percent. But farm values increased only 3 percent.

Two vegetables in relatively short supply—potatoes and tomatoes—contributed most to the rise in prices and margins for fresh vegetables from a year earlier. Retail prices for potatoes averaged \$2.24 for 10-pounds in the second quarter, up 83 cents from a year earlier. The farm value was up about 30 cents to an average of 82 cents, but the farm-retail spread for potatoes widened about 53 cents to an average of \$1.42. The retail price for fresh tomatoes averaged 58 cents per pound in the second quarter, almost 12 cents more than a year earlier. The farm value increased about 4 cents, but marketing spreads widened almost 8 cents. In contrast, although the farm-retail price spread for lettuce widened in the second quarter, the retail price was 5 cents per head lower than a year ago, partly reflecting a decline in farm prices (table 4).

Dairy Products: Dairy products are usually a stabilizing influence on movements in market basket statistics. However, the retail cost of dairy products in the second quarter averaged 26 percent above year earlier levels. About three-fifths of the rise was

contributed by a 31-percent increase in returns to farmers. A 22-percent increase in marketing margins accounted for the remaining portion of the rise.

Bread: The retail price of a 1-pound loaf of white bread was 34.4 cents in the second quarter of 1974, up 1.6 cents from the first quarter and 8.2 cents above a year ago. The large increase in prices the past year was equal to the total increase between 1955 and 1973 and reflected both higher ingredient costs and higher marketing charges (table 5).

For years, farm value of wheat and other ingredients did not change much more than a cent a loaf. But from late 1972, farm value of ingredients trended sharply up to a peak of 8.8 cents a loaf in February 1974, compared with 3.5 cents in 1971, the highest level between 1950 and 1971. Since February, farm values have trended down and in April-June averaged 6.2 cents.

Until about 1972, increases in marketing spreads just about accounted for bread price increases. Widening spreads continue to play significant roles in pushing up bread prices, but price spreads at various marketing levels have not followed the same pattern.

The baker's price spread for baking, selling and

Table 4 .--Changes in retail price, farm value, and farm-retail spread for selected market basket foods, second quarter 1974.

Item	II 1974	Change from:			Change from:	
		Previous quarter	Year ago		Previous quarter	Year ago
	Cents	Percent	Percent		Cents	Percent
Butter, pound				Cheese, American, $\frac{1}{2}$ pound		
Retail price	93.6	-4.0	9.9	::	75.3	3.7
Farm value	52.1	-21.3	1.6	::	34.3	-12.1
Farm-retail spread	41.5	32.6	22.4	::	41.0	22.0
Milk, sold in stores, $\frac{1}{2}$ gallon				Chicken, frying, pound		
Retail price	80.1	3.4	28.0	::	53.0	-9.2
Farm value	43.4	1.9	34.0	::	28.7	-11.7
Farm-retail spread	36.7	5.2	21.5	::	24.3	-6.2
Eggs, large grade A, dozen				Corn flakes, 12 ounces		
Retail price	68.5	-24.7	-0.6	::	38.9	6.9
Farm value	43.9	-31.6	-4.6	::	4.3	-4.4
Farm-retail spread	24.6	-8.2	7.4	::	34.6	8.5
Apples, pound				Oranges, dozen		
Retail price	35.0	8.7	12.9	::	108.3	3.4
Farm value	12.6	15.6	-3.1	::	24.0	-5.1
Farm-retail spread	22.4	5.2	24.4	::	84.3	6.2
Lettuce, head				Tomatoes, pound		
Retail price	45.2	32.2	-9.6	::	58.2	-1.0
Farm value	13.3	20.9	-40.6	::	23.5	14.1
Farm-retail spread	31.9	37.5	15.6	::	34.7	-9.2
Orange juice, frozen, 6 oz. can				Margarine, pound		
Retail price	25.5	.8	2.0	::	53.9	11.1
Farm value	9.2	1.1	10.8	::	22.8	.9
Farm-retail spread	16.3	.6	-2.4	::	31.1	20.1
Potatoes, 10 pounds				Peas, frozen, 10 ounces		
Retail price	223.5	36.4	58.5	::	25.8	2.0
Farm value	81.8	29.8	56.7	::	4.2	0
Farm-retail spread	141.7	40.4	59.6	::	21.6	2.4

1/ Data for additional foods are shown in tables at back of this report.

Table 5.--White pan bread: Retail price, marketing spreads, and farm value per 1-pound loaf, selected periods, 1950-1974

Period	Retail	Retail	Baker	Miller's	Other	Farm value	
	price	spread	whole-	flour	spreads	All	Wheat
	<u>1/</u>	<u>2/</u>	saler	spread	<u>5/</u>	ingred-	<u>7/</u>
			spread <u>3/</u>	<u>4/</u>		ients <u>6/</u>	
	Cents						
1950	14.3	2.6	7.0	0.6	1.1	3.0	2.4
1955	17.4	2.6	9.4	.7	1.5	3.2	2.7
1960	19.8	3.8	10.9	.8	1.5	2.8	2.3
1965	20.8	4.2	11.2	.6	1.6	3.2	2.6
1970	24.2	5.6	12.8	.5	1.9	3.4	2.6
1971	24.8	5.4	13.6	.6	1.7	3.5	2.6
1972	24.7	4.6	13.8	.6	1.9	3.8	2.8
1973	27.6	5.4	14.0	1.0	1.7	5.5	4.1
1973: ..							
I	25.1	4.7	13.4	.9	1.5	4.6	3.4
II	26.2	5.3	13.5	.7	1.9	4.8	3.6
III	27.7	5.3	13.6	1.0	1.9	5.9	4.5
IV	31.3	6.1	15.5	1.3	1.8	6.6	5.1
1974: ..							
I	32.8	5.8	15.4	1.3	2.0	8.3	6.4
II	34.4	6.1	18.1	.8	3.2	6.2	4.5
III							
IV							
Jan.	31.9	5.6	15.4	1.1	1.6	8.2	6.4
Feb.	32.5	5.6	14.7	1.3	2.1	8.8	6.9
Mar.	34.0	6.2	16.1	1.6	2.3	7.8	5.9
Apr.	34.3	6.2	18.0	1.0	2.6	6.5	4.7
May	34.3	6.0	18.7	.5	3.2	5.9	4.2
June	34.7	6.2	17.7	.9	3.8	6.1	4.5
July							
Aug.							
Sept. ...							
Oct.							
Nov.							
Dec.							

1/ Based on monthly prices reported by Bureau of Labor Statistics. 2/ Spread between retail and wholesale prices. 3/ Spread between wholesale price of bread and cost to baker of all ingredients. 4/ Spread between mill sales value of flour and cost of wheat to miller. 5/ Charges for transporting, handling, merchandising farm ingredients; processing non-wheat farm ingredients; and cost to baker of non-farm ingredients. 6/ Returns to farmers for wheat, lard, shortening, nonfat dry milk and sugar used in a 1-pound loaf. 7/ Returns to farmers for wheat, less imputed value of millfeed by-products. Between July 1, 1964 and June 30, 1973, it includes value of commercial wheat marketing certificate (70 cents a bushel from July 1, 1964-June 30, 1965 and 75 cents thereafter).

distributing bread accounts for about 50 percent of the retail price, and has been the most important element affecting the level and change in bread prices. However, the baker's margin was held down and squeezed during 1973 and was the main reason why retail prices increased so little in 1972 and early 1973. Then between the second quarter of 1973 and

1974, the baker's spread increased 4.6 cents, accounting for more than half the increase in bread prices during this period.

Retail, miller's, and other spreads also have increased. Recently, the miller's spread tends to vary with farm value of wheat, rising to a record this year as farm prices of wheat rose to record levels.

THE BILL FOR MARKETING FARM-FOOD PRODUCTS

By
Terry L. Crawford

ABSTRACT

The marketing bill—an estimate of all costs and profits incurred in transporting, processing, and distributing farm-food products—totaled \$82.3 billion in 1973, up 5 percent over 1972. This was about equal to the average increase of the past 10 years. Among major cost components, labor accounted for almost half of the bill; packaging materials, 12 percent; and transportation, 7 percent. Corporate firms derived \$4.6 billion in before-tax profits from marketing farm foods in 1973, almost 6 percent of the bill. Marketing costs and profits of processors were \$28.1 billion, more than a third of the total marketing bill. Costs and profits of other agencies were \$23.6 billion for retailing, \$18.9 billion for eating places, and \$11.7 billion for wholesalers. Consumer expenditures for farm food products rose 13 percent to \$132.2 billion in 1973. Farmers received \$49.9 billion for farm-food products, 29 percent more than in 1972.

KEYWORDS: Marketing costs, food costs, farm value, food expenditures.

The marketing bill is an estimate of the total cost of transporting, processing, and distributing U.S. farm-originated foods purchased by civilian consumers. It is the difference between consumer expenditures and farm value (fig. 5). The marketing bill statistics show the distribution of consumer expenditures between the marketing system and farmers and the distribution of marketing costs among commodity groups, marketing agencies, and individual cost components.¹

This article presents consumer expenditures, farm value, and the marketing bill for U.S. farm foods in 1973. Data are analyzed by commodity group, factors affecting the rise in the bill, and cost components.

Consumer Expenditures

Consumer expenditures for farm foods represent the market value of foods originating on U.S. farms and purchased by or for civilian consumers in this country. In 1973, civilian consumers spent \$132.2

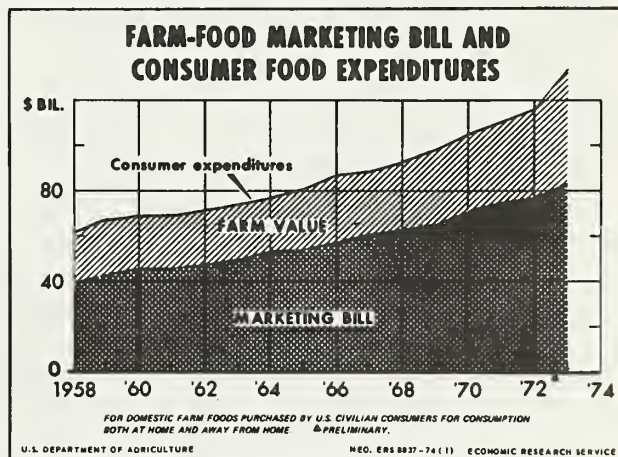


Figure 5

billion on foods originating on U.S. farms, 13 percent more than in 1972 (table 6). The increase in expenditures reflected an increase of \$11.2 billion in farm value and \$3.9 billion in the marketing bill. Included in the total are expenditures for food in retail stores, costs of food purchased in restaurants and other away-from-home eating establishments,

¹For further information see, "Major Statistical Series of the U.S. Department of Agriculture: How They are Constructed and Used," Volume 4, Agricultural Marketing Costs and Charges, Agri. Handbook-365, U.S. Department of Agriculture.

Table 6.--Marketing bill, farm value, and consumer expenditures for domestic farm-food products bought by civilians, 1947-73

Year	Expenditures <u>1/</u>	Marketing bill	Farm value <u>2/</u>
<u>Billion dollars</u>			
1947	41.9	22.6	19.3
1948	44.8	24.9	19.9
1949	43.4	26.0	17.4
1950	44.0	26.0	18.0
1951	49.2	28.7	20.5
1952	50.9	30.5	20.4
1953	51.0	31.5	19.5
1954	51.1	32.3	18.8
1955	53.1	34.4	18.7
1956	55.5	36.3	19.2
1957	58.3	37.9	20.4
1958	61.0	39.6	21.4
1959	63.6	42.4	21.2
1960	66.9	44.6	22.3
1961	68.7	45.7	23.0
1962	71.3	47.6	23.7
1963	74.0	49.9	24.1
1964	77.5	52.6	24.9
1965	81.1	54.0	27.1
1966	86.9	57.1	29.8
1967	89.2	60.4	28.8
1968	93.9	63.5	30.4
1969	98.8	65.1	33.7
1970	106.0	71.2	34.8
1971	110.7	75.4	35.3
1972	117.1	78.4	38.7
1973 <u>3/</u>	132.2	82.3	49.9

1/ Consumer expenditures for domestic farm-food products; excluded are expenditures for imported foods, fish, and other foods not originating on U.S. farms, alcoholic beverages, food consumed on farms where produced, and military food purchases. Foods are valued at retail store prices except food sold in the form of meals and those sold at less than retail prices which are valued at the point of sale.

2/ The farm value is the gross return to farmers for products equivalent to those sold to consumers. Values of inedible byproducts, nonfood products, and exports are not included.

3/ Preliminary.

Note: Beginning with 1960, estimates are for 50 States.

and the value of food served by schools, hospitals, and other institutions.

Expenditures for meat products rose over 12 percent in 1973. Although supplies of meat products were down in 1973, increased demand and rising meat prices combined to substantially increase expenditures. Increased meat expenditures accounted for more than a fourth of the total increase in consumer expenditures for food in 1973 (tables 7) and 8). Prices for meat products averaged 17 percent higher last year than in 1972. The quantity of pork available for purchase dropped 10 percent from 1972 to near the level of the late 1960's. Beef purchases were down 6 percent, reflecting lower beef slaughter. Fruit and vegetable expenditures rose about 13 percent in 1973, due to higher prices. The quantity of fruits and vegetables available for purchase declined.

Dairy product expenditures rose over 7 percent in 1973 although the quantity of dairy products dropped slightly. Higher prices accounted for all the increase in expenditures.

Poultry and egg product expenditures rose 34 percent in 1973, the largest relative increase of any group. A 3.3 percent decrease in volume of poultry products, coupled with short supplies of red meat, led to substantially higher prices and expenditures for poultry.

Bakery product expenditures rose 9 percent, and the market value of grain mill products increased 24 percent last year. The increases in expenditures for bakery and grain mill products were attributed to higher prices. Retail prices for these products increased 11 percent in 1973, reflecting rising farm prices of wheat following record export shipments.

Expenditures for other food products, including fats and oils and sugar and confectionery products, increased slightly less than all food expenditures. The quantity of these foods available for purchase declined slightly.

Expenditures for U.S. farm foods accounted for 14.6 percent of personal disposable income in 1973, unchanged from 1972 (table 9). The marketing bill share decreased to 9.1 percent. Farm value of U.S. farm foods amounted to 5.5 percent of disposable income, up from 4.8 percent in 1972. With the exception of last year, the proportion of disposable income spent for farm foods had declined steadily since 1960. The long-term decline was shared between both the farm value and the marketing bill (fig. 6).

Farm Value

Farmers received \$49.9 billion for farm food products in 1973, up 29 percent from 1972, which accounted for three-fourths of the increase in consumer expenditures for farm foods in 1973. The meat product group accounted for a third of the

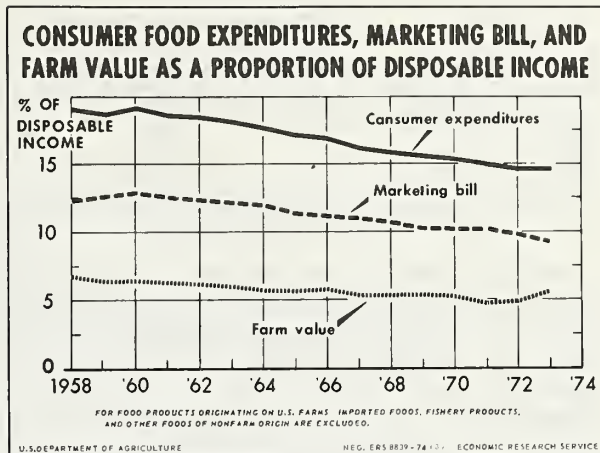


Figure 6

increase in total farm value, due largely to higher returns for beef and pork. Other product groups also showed larger farm values. The poultry product group had the second largest total dollar gain in farm value.

Most of the rise in total farm value was due to higher farm prices. Output of many products showed little change or declined from 1972. Overall, the farm price-weighted volume index of farm foods marketed declined 3.3 percent in 1973. This decline, coupled with strong domestic demand fueled by rising personal incomes, sent prices for U.S. farm foods up sharply and raised farm value \$11.2 billion, the largest increase since the beginning of the annual ERS series in 1947. The percentage increase in farm value was double the largest previous increase of 14 percent in 1951.

The farm values of poultry and eggs and of grain mill and bakery products each increased over 50 percent in 1973, the most of major food groups. Dairy product returns increased the least at 15 percent. Farm values of fruits and vegetables and meats were about a fourth higher in 1973 than a year earlier. Other food products, which include fat and oil products, sugar, and confectionery items also increased at a much faster rate than in the past, reaching \$4.8 billion in 1973.

Marketing Bill

The bill for marketing farm food products—the difference between consumer expenditures and farm value—amounted to \$82.3 billion in 1973, up 5 percent from 1972. This increase was more than the annual increase in 1972 but was about equal to the average annual increase for the past 11 years. The marketing bill for all 7 food groups increased:

Group	Percentage change from 1972
Grain mill products	15.7
Poultry and eggs	11.0
Fruits and vegetables	9.0
Meat	2.7
Dairy	2.5
Bakery and cereal	1.7
Other foods	3.0

Meat products had the largest marketing bill among the commodity groups, \$20.1 billion, followed closely by fruit and vegetable products (fig. 7). Marketing charges for meat and fruits and vegetables accounted for almost half of the total marketing bill. Dairy products, bakery products, and the other food group each account for around one-eighth of the bill. Poultry and grain mill products made up the rest.

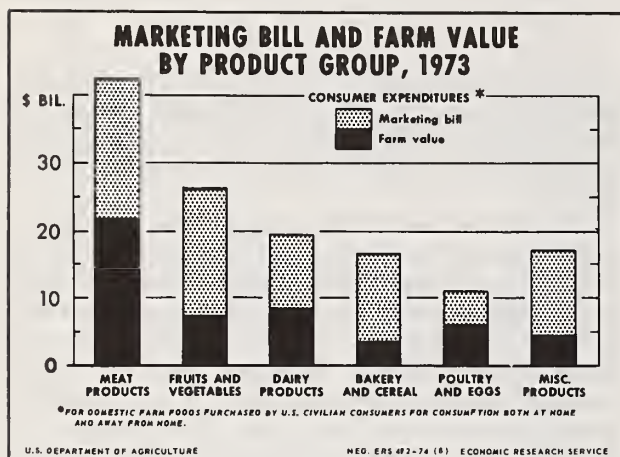


Figure 7

Factors Behind Marketing Bill Increase: Increases in the marketing bill over the years have been due to growth in volume of food marketed, increases in marketing services, and the cost of performing these services. Changes in the volume of food are the result of growth in population and shifts in the mix of per capita consumption. Increased marketing services involve the use of more highly prepared foods, such as convenience foods, and more eating out. Increased costs of marketing services reflect rising costs of inputs such as labor and packaging materials.

Increased costs of marketing services accounted for all of last year's increase of \$3.9 billion in the marketing bill. This was the second time the cost of providing marketing services accounted for all the growth in the marketing bill. Normally, there are increases in marketing charges for handling additional volume and minor increases in the bill for additional marketing services per unit of product.

However, in 1973, the volume of food marketed fell short of 1972 levels.

Increased costs of marketing services accounted for slightly over half of the increase in the marketing bill between 1961 and 1973 (fig. 8). Costs of marketing larger quantities of food accounted for a third of the growth in the marketing bill during 1961-73. Food marketings rose 20 percent during this period, slightly more than the rise in population. Increased marketing services per unit of product accounted for the smallest share of the bill's increase since 1961, about one-seventh. Changes in costs of providing marketing services and the increased demand for services reflect changes in economic conditions. Both costs and demand have risen substantially during recent years of general price inflation and growth in real incomes. In addition, there has been a steady increase in the volume of food marketed, except for last year, due both to population increases and the shift to greater consumption of higher valued food items such as meats.

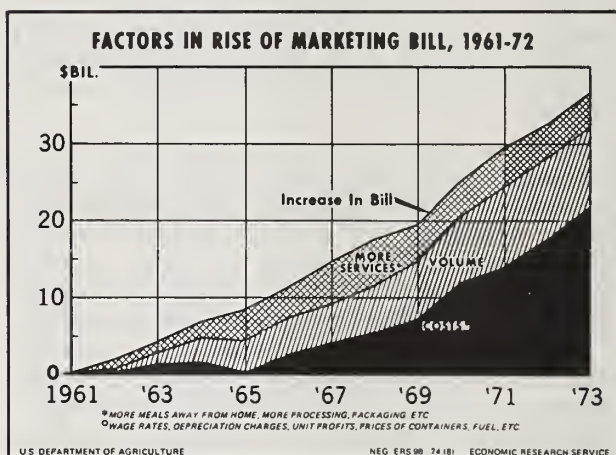


Figure 8

Cost Components of the Marketing Bill

Labor: Labor costs for marketing domestic farm food products, nearly half of the marketing bill, totaled \$40.3 billion in 1973—up 7.2 percent from 1972 (table 10). Labor costs incurred by processors, wholesalers, retailers, and away-from-home eating establishments increased at an annual rate of 6 percent over the last decade. Labor employed in food retailing and away-from-home eating establishments accounted for slightly over half of total labor costs in 1973. Labor in food processing accounted for about a third. The remaining labor cost was for wholesaling.

Labor cost includes wages and salaries of employees, wage supplements, and tips received by food service employees. Labor cost accounted for 49

Table 7.--Marketing bill, farm value, and consumer expenditures by commodity group, for domestic farm-food products bought by civilians,
1958-73

Year	All farm foods				Meat products				Dairy products				Poultry and eggs			
	Expendi- tures	Farm value	Marketing bill	Expendi- tures	Expendi- tures	Farm value	Marketing bill	Expendi- tures	Expendi- tures	Farm value	Marketing bill	Expendi- tures	Farm value	Marketing bill	Expendi- tures	Expendi- tures
Million dollars																
1958	60,993	21,445	39,548	17,468	8,535	8,933	8,933	11,450	4,463	6,987	5,072	2,908	2,164	2,908	2,164	2,908
1959	63,619	21,216	42,403	18,093	8,135	9,958	9,958	11,843	4,580	7,263	4,841	2,580	2,261	2,580	2,261	2,580
1960	66,881	22,315	44,566	18,588	8,386	10,202	10,202	12,098	4,704	7,394	5,189	2,899	2,290	2,899	2,290	2,899
1961	68,673	23,000	45,674	18,941	8,651	10,290	10,290	12,233	4,765	7,468	5,334	2,749	2,585	2,749	2,585	2,749
1962	71,318	23,662	47,656	19,703	9,195	10,508	10,508	12,427	4,766	7,662	5,463	2,793	2,670	2,793	2,670	2,793
1963	74,044	24,149	49,895	20,439	9,029	11,410	11,410	12,598	4,860	7,738	5,722	2,896	2,826	2,896	2,826	2,896
1964	77,503	24,872	52,631	21,418	8,972	12,446	12,446	12,938	5,011	7,927	5,872	2,908	2,964	2,908	2,964	2,908
1965	81,114	27,113	54,001	22,405	10,347	12,058	12,058	13,049	5,062	7,987	6,224	3,083	3,141	3,083	3,141	3,083
1966	86,923	29,767	57,156	25,096	11,608	13,488	13,488	13,606	5,575	8,031	7,242	3,636	3,606	3,636	3,606	3,636
1967	89,230	28,819	60,411	25,785	11,381	14,404	14,404	13,698	5,622	8,076	6,838	3,085	3,753	3,085	3,753	3,085
1968	93,879	30,412	63,467	26,914	11,987	14,927	14,927	14,576	5,941	8,635	7,199	3,337	3,862	3,337	3,862	3,337
1969	98,799	33,668	65,131	28,850	13,631	15,219	15,219	15,351	6,283	9,068	8,156	4,078	4,078	4,078	4,078	4,078
1970	105,965	34,774	71,191	31,384	14,104	17,280	17,280	16,175	6,779	9,396	8,324	3,924	4,400	3,924	4,400	3,924
1971	110,733	35,318	75,415	32,288	14,279	18,009	18,009	16,753	6,770	9,985	7,980	3,166	4,364	3,166	4,364	3,166
1972	117,104	38,703	78,401	36,664	17,053	19,611	19,611	17,731	7,271	10,460	7,640	3,111	4,529	3,111	4,529	3,111
1973 2/	132,153	49,926	82,227	41,161	21,017	20,144	20,144	19,049	8,329	10,720	10,257	5,231	5,026	5,231	5,026	5,231

Year	Fruits and vegetables				Grain mill products				Bakery products 3/				Other foods			
	Expendi- tures	Farm value	Marketing bill	Expendi- tures	Expendi- tures	Farm value	Marketing bill	Expendi- tures	Expendi- tures	Farm value	Marketing bill	Expendi- tures	Farm value	Marketing bill	Expendi- tures	Expendi- tures
1958	12,950	3,085	9,865	2,642	612	2,030	2,030	6,149	797	5,352	5,262	1,045	4,217	1,045	4,217	1,045
1959	13,693	3,366	10,327	2,567	566	2,001	2,001	6,614	815	5,799	5,968	1,173	4,795	1,173	4,795	1,173
1960	14,673	3,497	11,176	2,565	555	2,010	2,010	6,828	883	5,945	6,940	1,391	5,549	1,391	5,549	1,391
1961	15,014	3,589	11,425	2,548	543	2,005	2,005	7,026	997	6,029	7,576	1,704	5,872	1,704	5,872	1,704
1962	15,785	3,596	12,189	2,555	564	1,991	1,991	7,357	1,072	6,285	8,027	1,675	6,352	1,675	6,352	1,675
1963	16,154	3,687	12,467	2,575	540	2,035	2,035	7,703	1,155	6,548	8,853	1,982	6,871	1,982	6,871	1,982
1964	17,084	4,179	12,905	2,780	568	2,212	2,212	7,980	1,182	6,798	9,431	2,052	7,379	2,052	7,379	2,052
1965	17,782	4,520	13,262	3,045	619	2,426	2,426	8,193	1,256	6,937	10,416	2,226	8,190	2,226	8,190	2,226
1966	18,585	4,469	14,116	3,031	637	2,394	2,394	8,299	1,364	6,935	11,064	2,478	8,586	2,478	8,586	2,478
1967	19,290	4,492	14,798	3,258	636	2,622	2,622	8,855	1,314	7,541	11,506	2,289	9,217	2,289	9,217	2,289
1968	20,543	4,925	15,618	3,157	608	2,549	2,549	9,144	1,286	7,858	12,346	2,328	10,018	2,328	10,018	2,328
1969	20,718	5,160	15,558	3,247	608	2,639	2,639	9,400	1,317	8,083	13,077	2,591	10,486	2,591	10,486	2,591
1970	21,986	5,033	16,953	3,255	552	2,673	2,673	10,079	1,383	8,696	14,793	2,999	11,794	2,999	11,794	2,999
1971	23,166	5,209	17,957	3,222	562	2,660	2,660	11,665	1,572	10,093	15,657	3,310	12,347	3,310	12,347	3,310
1972	23,029	5,483	17,546	3,314	608	2,706	2,706	12,109	1,728	10,381	16,617	3,449	13,168	3,449	13,168	3,449
1973 2/	26,007	6,911	19,096	4,096	966	3,130	3,130	13,217	2,663	10,554	18,366	4,809	13,557	4,809	13,557	4,809

1/ Beginning with 1960, estimates are for 50 States. Data for 1947-57 are published in MTS 174, August 1969.

2/ Preliminary.

3/ Farm value of bakery products includes farm values of flour, milk, eggs, fruit, lard, vegetable shortening, and sugar used in bakery products. Farm values of these ingredients are not included in farm values of other product groups.

Table 8.--Marketing bill, farm value, and consumer expenditures for domestic farm-food products bought by civilians, 1958-73.

Year 1/	All farm food				Beef				Pork				Other red meats			
	Expendi- tures	Farm value	Marketing bill	Expendi- tures	Farm value	Marketing bill	Expendi- tures	Farm value	Expendi- tures	Farm value	Marketing bill	Expendi- tures	Farm value	Marketing bill	Expendi- tures	Farm value
----- Million dollars -----																
1958	60,993	21,445	39,548	8,998.8	4,771.3	4,227.6	7,101.3	3,041.8	4,059.5	1,367.9	722.0	1,367.9	722.0	645.9	1,367.9	722.0
1959	63,619	21,216	42,403	9,419.8	4,936.0	4,483.8	7,380.4	2,547.5	4,832.9	1,292.9	651.5	1,292.9	651.5	641.3	1,292.9	651.5
1960	66,881	22,315	44,566	10,015.6	5,044.2	5,011.4	7,181.5	2,732.3	4,449.2	1,390.9	649.5	1,390.9	649.5	741.4	1,390.9	649.5
1961	68,673	23,000	45,674	10,233.5	5,098.2	5,135.4	7,367.2	2,924.4	4,442.8	1,340.3	628.4	1,340.3	628.4	711.7	1,340.3	628.4
1962	71,318	23,662	47,656	10,530.5	5,511.2	5,019.2	7,784.2	3,015.2	4,769.2	1,388.1	668.6	1,388.1	668.6	719.6	1,388.1	668.6
1963	74,044	24,149	49,895	11,235.6	5,539.6	5,696.0	7,904.4	2,880.5	5,023.9	1,299.1	608.9	1,299.1	608.9	690.1	1,299.1	608.9
1964	77,503	24,872	52,631	12,152.9	5,544.3	6,608.6	7,911.2	2,841.5	5,069.8	1,353.9	586.2	1,353.9	586.2	767.6	1,353.9	586.2
1965	81,114	27,113	54,001	13,035.4	6,217.5	6,817.9	8,020.4	3,517.2	4,503.3	1,350.2	612.3	1,350.2	612.3	737.8	1,350.2	612.3
1966	86,923	29,767	57,156	14,539.0	7,127.6	7,411.5	9,182.4	3,848.1	5,334.2	1,374.6	632.3	1,374.6	632.3	742.3	1,374.6	632.3
1967	89,230	28,819	60,411	14,983.2	7,276.4	7,706.8	9,493.4	3,526.5	5,966.9	1,308.4	578.1	1,308.4	578.1	730.3	1,308.4	578.1
1968	93,879	30,412	63,467	15,832.8	7,838.6	7,994.2	9,777.8	3,573.6	6,204.2	1,303.3	574.8	1,303.3	574.8	728.5	1,303.3	574.8
1969	98,799	33,668	65,131	17,285.9	8,941.4	8,344.6	10,268.6	4,103.1	6,165.6	1,295.4	586.6	1,295.4	586.6	708.8	1,295.4	586.6
1970	105,965	34,774	71,191	18,508.6	9,333.4	9,175.1	11,565.7	4,207.3	7,358.4	1,309.6	563.3	1,309.6	563.3	746.3	1,309.6	563.3
1971	110,733	35,318	75,415	19,411.6	10,145.0	9,266.6	11,522.3	3,568.0	7,954.3	1,354.1	566.0	1,354.1	566.0	788.1	1,354.1	566.0
1972	117,104	38,703	78,401	23,305.8	11,841.0	11,464.8	11,989.8	4,629.0	7,360.8	1,368.4	583.0	1,368.4	583.0	785.4	1,368.4	583.0
1973 2/	132,153	49,926	82,227	26,062.7	14,151.0	11,911.7	13,720.7	6,299.0	7,421.7	1,377.5	567.0	1,377.5	567.0	810.5	1,377.5	567.0

Year 1/	Fluid milk and cream				Other dairy products				Poultry				Eggs			
	Expendi- tures	Farm value	Marketing bill	Expendi- tures	Farm value	Marketing bill	Expendi- tures	Farm value	Expendi- tures	Farm value	Marketing bill	Expendi- tures	Farm value	Marketing bill	Expendi- tures	Farm value
1958	6,743.5	2,701.9	4,041.6	4,706.5	1,761.1	2,945.4	2,594.8	1,391.0	1,203.9	2,477.1	1,517.0	2,477.1	1,517.0	960.1	2,477.1	1,517.0
1959	6,900.5	2,731.6	4,168.9	4,942.5	1,848.4	3,094.1	2,554.8	1,330.3	1,224.6	2,286.1	1,249.7	2,286.1	1,249.7	1,036.4	2,286.1	1,249.7
1960	7,109.8	2,819.7	4,290.1	4,988.2	1,884.3	3,103.9	2,711.2	1,433.9	1,277.3	2,477.8	1,465.1	2,477.8	1,465.1	1,012.7	2,477.8	1,465.1
1961	7,036.3	2,809.3	4,226.9	5,196.7	1,955.7	3,241.1	2,794.0	1,305.1	1,488.9	2,540.0	1,443.9	2,540.0	1,443.9	1,096.1	2,540.0	1,443.9
1962	7,085.0	2,809.7	4,275.3	5,342.0	1,956.3	3,385.7	2,968.4	1,456.2	1,512.1	2,494.6	1,336.8	2,494.6	1,336.8	1,157.9	2,494.6	1,336.8
1963	7,185.0	2,863.3	4,321.7	5,413.0	1,996.7	3,416.3	3,127.9	1,492.9	1,635.0	2,594.0	1,403.1	2,594.0	1,403.1	1,191.0	2,594.0	1,403.1
1964	7,381.5	2,956.3	4,425.1	5,556.5	2,054.7	3,501.9	3,216.2	1,497.7	1,718.5	2,655.9	1,410.4	2,655.9	1,410.4	1,245.5	2,655.9	1,410.4
1965	7,417.5	2,987.7	4,429.7	5,631.5	2,074.3	3,557.3	3,600.4	1,694.1	1,906.4	2,623.6	1,388.9	2,623.6	1,388.9	1,234.7	2,623.6	1,388.9
1966	7,815.9	3,276.1	4,539.8	5,790.1	2,298.9	3,491.2	4,189.4	1,855.7	2,333.7	3,526.6	1,780.3	3,526.6	1,780.3	1,272.3	3,526.6	1,780.3
1967	7,945.0	3,391.9	4,553.1	5,733.0	2,230.1	3,522.9	4,159.5	1,737.7	2,421.8	2,678.5	1,347.2	2,678.5	1,347.2	1,331.2	2,678.5	1,347.2
1968	8,243.6	3,522.9	4,720.7	6,332.4	2,418.1	3,914.3	4,293.4	1,832.8	2,460.5	2,905.7	1,504.2	2,905.7	1,504.2	1,401.4	2,905.7	1,504.2
1969	8,393.6	3,602.1	4,791.5	6,957.4	2,680.9	4,276.5	4,293.4	2,107.7	2,683.7	3,364.6	1,970.3	3,364.6	1,970.3	1,394.3	3,364.6	1,970.3
1970	8,641.1	3,801.0	4,840.2	7,533.9	2,978.0	4,555.8	5,034.5	2,081.8	2,952.6	3,289.6	1,842.2	3,289.6	1,842.2	1,447.4	3,289.6	1,842.2
1971	8,896.9	3,785.9	5,111.0	7,858.1	2,984.1	4,874.0	5,011.1	2,094.2	2,916.9	2,968.9	1,521.8	2,968.9	1,521.8	1,447.1	2,968.9	1,521.8
1972	9,121.8	3,799.2	5,322.5	8,361.0	3,250.5	5,110.5	4,762.6	1,677.9	3,084.6	2,877.5	1,433.1	2,877.5	1,433.1	1,444.4	2,877.5	1,433.1
1973 2/	9,589.8	4,246.2	5,343.6	9,201.6	3,849.9	5,351.7	6,201.2	2,733.8	3,467.5	4,055.7	2,497.2	4,055.7	2,497.2	1,558.5	4,055.7	2,497.2

Continued

Table 8.--Marketing bill, farm value, and consumer expenditures for domestic farm-food products bought by civilians, 1958-73--Continued.

Year	Fresh fruits and melons				Fresh vegetables				Processed fruits				Processed vegetables			
	Expendi- tures	Farm value	Marketing bill	Expendi- tures	Farm value	Marketing bill	Expendi- tures	Farm value	Expendi- tures	Farm value	Marketing bill	Expendi- tures	Farm value	Marketing bill	Expendi- tures	Farm value
	Million dollars															
1958	2,571.4	795.1	1,776.3	4,336.2	1,259.6	3,076.6	2,050.5	485.0	1,565.5	3,991.9	545.3	3,446.6	3,446.6			
1959	2,612.9	878.7	1,734.2	4,498.9	1,322.9	3,176.0	2,221.6	549.5	1,672.1	4,359.6	614.9	3,744.7	3,744.7			
1960	2,754.2	899.8	1,854.5	4,723.9	1,426.7	3,297.0	2,577.4	564.6	2,012.8	4,617.4	605.9	4,011.5	4,011.5			
1961	2,774.5	900.9	1,873.6	4,641.4	1,390.3	3,251.1	2,716.9	674.5	2,042.4	4,881.2	623.3	4,257.9	4,257.9			
1962	2,804.8	869.1	1,935.8	4,992.0	1,424.5	3,567.5	2,712.2	612.8	2,099.4	5,275.9	689.7	4,586.3	4,586.3			
1963	2,782.9	894.5	1,888.3	5,180.6	1,456.2	3,724.4	2,726.6	605.7	2,120.9	5,464.0	730.5	4,733.4	4,733.4			
1964	2,949.2	970.1	1,979.1	5,459.9	1,662.9	3,797.0	2,829.2	751.2	2,077.9	5,845.7	794.8	5,051.0	5,051.0			
1965	2,931.3	956.8	1,974.5	5,781.3	1,765.9	4,015.4	2,751.3	665.0	2,086.2	6,318.0	1,132.2	5,185.8	5,185.8			
1966	3,140.9	1,000.8	2,140.0	5,871.8	1,804.6	4,067.2	2,865.9	666.4	2,199.5	6,706.4	997.1	5,709.3	5,709.3			
1967	3,193.6	1,059.9	2,133.6	5,889.3	1,725.5	4,163.8	3,067.2	702.0	2,365.2	7,139.9	1,004.6	6,135.3	6,135.3			
1968	3,495.5	1,179.2	2,316.4	6,384.2	1,815.8	4,568.4	3,126.2	840.1	2,286.1	7,537.0	1,090.0	6,447.0	6,447.0			
1969	3,468.4	1,039.7	2,428.7	6,352.1	1,928.9	4,423.2	3,245.0	866.5	2,378.5	7,652.5	1,324.8	6,327.6	6,327.6			
1970	3,831.5	1,181.6	2,649.8	6,882.7	1,862.3	5,020.5	3,416.2	813.7	2,602.5	7,855.6	1,175.4	6,680.2	6,680.2			
1971	4,197.8	1,152.8	3,044.9	6,938.5	2,021.8	4,936.7	3,771.0	771.1	2,999.9	8,238.8	1,263.3	6,975.5	6,975.5			
1972	3,925.5	1,214.3	2,711.2	7,302.3	2,193.2	5,109.1	3,407.4	844.4	2,563.0	8,393.8	1,231.1	7,162.7	7,162.7			
1973	4,582.0	1,312.2	3,269.8	8,585.7	2,864.1	5,721.6	3,496.5	966.8	2,529.7	9,342.8	1,767.9	7,574.9	7,574.9			
Year	Grain mill products				Bakery products				Fats and oils				Other foods			
	Expendi- tures	Farm value	Marketing bill	Expendi- tures	Farm value	Marketing bill	Expendi- tures	Farm value	Expendi- tures	Farm value	Marketing bill	Expendi- tures	Farm value	Marketing bill	Expendi- tures	Farm value
	Million dollars															
1958	2,642.0	610.7	2,031.3	6,149.0	797.0	5,352.0	1,384.7	384.7	1,000.0	3,877.3	658.6	3,218.7	3,218.7			
1959	2,567.0	564.7	2,002.3	6,614.0	815.0	5,799.0	1,616.8	420.3	1,196.4	4,351.2	752.7	3,598.5	3,598.5			
1960	2,565.0	555.0	2,010.0	6,828.0	883.0	5,945.0	1,655.3	480.4	1,174.9	5,284.8	910.7	4,374.1	4,374.1			
1961	2,548.0	541.8	2,006.2	7,026.0	997.0	6,029.0	1,781.5	556.6	1,124.9	5,794.6	1,047.4	4,747.1	4,747.1			
1962	2,555.0	564.0	1,991.0	7,357.0	1,072.0	6,285.0	1,924.9	570.5	1,354.6	6,102.0	1,104.6	4,997.4	4,997.4			
1963	2,575.0	540.0	2,035.0	7,703.0	1,155.0	6,548.0	2,118.8	628.8	1,489.9	6,734.2	1,353.1	5,381.1	5,381.1			
1964	2,780.0	568.0	2,212.0	7,980.0	1,182.0	6,798.0	2,264.4	678.8	1,585.6	7,166.7	1,373.3	5,793.4	5,793.4			
1965	3,045.0	617.8	2,427.2	8,193.0	1,256.0	6,937.0	2,608.7	824.8	1,783.8	7,807.4	1,401.2	6,406.2	6,406.2			
1966	3,031.0	635.9	2,395.1	8,299.0	1,364.0	6,935.0	2,938.8	982.9	1,956.0	8,125.2	1,495.1	6,630.0	6,630.0			
1967	3,258.0	637.1	2,620.9	8,855.0	1,314.0	7,541.0	2,923.4	788.3	2,135.1	8,582.7	1,500.7	7,082.0	7,082.0			
1968	3,157.0	606.9	2,550.1	9,144.0	1,286.0	7,858.0	3,061.9	747.2	2,314.8	9,284.1	1,580.8	7,703.2	7,703.2			
1969	3,247.0	608.0	2,639.0	9,400.0	1,317.0	8,083.0	3,335.9	893.7	2,442.2	9,741.0	1,697.3	8,043.7	8,043.7			
1970	3,225.0	552.0	2,673.0	10,079.0	1,383.0	8,696.0	3,981.3	1,206.4	2,775.0	10,811.7	1,792.7	9,019.0	9,019.0			
1971	3,222.0	562.0	2,660.0	11,665.0	1,572.0	10,093.0	4,414.0	1,337.1	3,076.9	11,243.0	1,972.9	9,270.1	9,270.1			
1972	3,314.0	608.0	2,706.0	12,242.4	1,746.9	10,495.5	4,735.0	1,271.5	3,463.5	11,882.0	2,177.5	9,704.5	9,704.5			
1973	4,096.0	966.0	3,130.0	13,217.0	2,663.0	10,554.0	5,373.2	2,039.9	3,333.4	12,992.8	2,769.2	10,223.6	10,223.6			

1/ Beginning with 1960, estimates are for 50 States.

2/ Preliminary.

Table 9. --Consumer expenditures, marketing bill, and farm value for domestic farm-food products as a proportion of disposable income, 1958-73.

Year	: Disposable : personal : income :	U. S. farm foods		
		Consumer expenditures	Marketing bill	Farm value
	:	<u>Billion dollars</u>		
1958	: 318.8	61.0	39.6	21.4
1959	: 337.3	63.6	42.4	21.2
1960	: 350.0	66.9	44.6	22.3
1961	: 364.4	68.7	45.7	23.0
1962	: 385.3	71.3	47.6	23.7
1963	: 404.6	74.0	49.9	24.1
1964	: 438.1	77.5	52.6	24.9
1965	: 473.2	81.1	54.0	27.1
1966	: 511.9	86.9	57.1	29.8
1967	: 546.3	89.2	60.4	28.8
1968	: 591.0	93.9	63.5	30.4
1969	: 634.4	98.8	65.1	33.7
1970	: 691.7	106.0	71.2	34.8
1971	: 746.4	110.7	75.4	35.3
1972	: 802.5	117.1	78.4	38.7
1973	: 903.7	132.2	82.3	49.9
	:	<u>Percent of personal disposable income</u>		
1958	: --	19.1	12.4	6.7
1959	: --	18.9	12.6	6.3
1960	: --	19.1	12.7	6.4
1961	: --	18.8	12.5	6.3
1962	: --	18.5	12.4	6.1
1963	: --	18.3	12.3	6.0
1964	: --	17.7	12.0	5.7
1965	: --	17.1	11.4	5.7
1966	: --	17.0	11.2	5.8
1967	: --	16.3	11.0	5.3
1968	: --	15.9	10.8	5.1
1969	: --	15.6	10.3	5.3
1970	: --	15.3	10.3	5.0
1971	: --	14.8	10.1	4.7
1972	: --	14.6	9.8	4.8
1973	: --	14.6	9.1	5.5

-- = not applicable.

Table 10.--Cost components of the marketing bill for farm foods, 1959-73

Year	Corporate profits						Business taxes <u>3/</u>
	Labor <u>1/</u>	Packaging materials	Rail and truck transportation <u>2/</u>	Before taxes	After taxes		
<u>Billion dollars</u>							
1959 ...	18.8	5.5	4.0	2.1	1.0	1.2	
1960 ...	19.7	5.4	4.1	2.1	.9	1.3	
1961 ...	19.9	5.8	4.2	2.3	1.1	1.4	
1962 ...	20.8	6.1	4.1	2.3	1.1	1.6	
1963 ...	21.3	5.9	4.2	2.4	1.2	1.7	
1964 ...	22.1	6.0	4.3	2.8	1.4	1.8	
1965 ...	23.3	6.2	4.2	3.0	1.6	2.1	
1966 ...	24.6	6.8	4.2	3.4	1.8	2.2	
1967 ...	25.9	7.2	4.3	3.4	1.8	2.3	
1968 ...	28.0	7.8	4.5	3.6	1.8	2.6	
1969 ...	30.4	8.0	4.6	3.6	1.6	2.6	
1970 ...	32.3	8.5	5.2	3.6	1.6	2.9	
1971 ...	34.5	9.0	6.0	3.7	1.7	3.1	
1972 ...	37.6	9.4	6.1	3.5	1.7	3.2	
1973 <u>4/</u>	40.3	10.0	6.1	4.6	2.1	3.3	
<u>Billion dollars</u>							
	Deprecia- tion	Rent (net)	Advertis- ing	Repairs, bad debts, contribu- tions	Interest (net)	Other <u>5/</u>	Total
<u>Billion dollars</u>							
1959 ...	1.4	1.1	1.2	0.7	0.2	6.2	42.4
1960 ...	1.5	1.1	1.3	.7	.2	7.2	44.6
1961 ...	1.6	1.2	1.4	.8	.3	6.8	45.7
1962 ...	1.8	1.4	1.6	.8	.3	6.8	47.6
1963 ...	1.8	1.4	1.7	.9	.3	8.3	49.9
1964 ...	1.9	1.5	1.7	1.0	.3	9.2	52.6
1965 ...	2.0	1.6	1.9	1.1	.4	8.2	54.0
1966 ...	2.2	1.8	2.0	1.1	.4	8.4	57.1
1967 ...	2.2	1.8	2.0	1.1	.6	9.6	60.4
1968 ...	2.1	2.0	1.8	1.2	.8	9.1	63.5
1969 ...	2.2	2.1	1.9	1.3	.9	7.5	65.1
1970 ...	2.5	2.3	2.0	1.5	1.1	9.3	71.2
1971 ...	2.6	2.4	2.1	1.6	1.2	9.2	75.4
1972 ...	2.8	2.5	2.2	1.7	1.2	8.2	78.4
1973 <u>4/</u>	2.9	2.7	2.3	1.7	1.3	7.1	82.3

1/ Includes supplements to wages and salaries such as social security and unemployment insurance taxes and health insurance premiums. Also includes imputed earnings of proprietors, partners, and family workers not receiving stated remuneration.

2/ Includes charges for heating and refrigeration. Does not include local hauling charges. 3/ Includes property, social security, unemployment insurance, State income, and franchise taxes, license fees, and other fees, but does not include Federal income tax. 4/ Preliminary. 5/ Includes foodservice in schools, colleges, hospitals, and other institutions and utilities, fuel, promotion, local for-hire transportation, water transportation, and insurance.

Table 11.--Indexes of labor cost for marketing farm-food products, 1959-73

Year	: Total : labor : cost	: Man- : hours	: Hourly : labor : cost <u>1/</u>	: Unit : labor : cost <u>2/</u>	: Retail price- : weighted : volume index
			1967=100		
1959	73	102	71	87	84
1960	76	102	75	87	87
1961	77	99	77	87	88
1962	80	98	82	89	90
1963	82	97	84	89	92
1964	85	98	87	89	96
1965	90	99	91	94	96
1966	95	100	95	97	98
1967	100	100	100	100	100
1968	108	101	107	106	102
1969	117	103	114	113	104
1970	125	102	123	118	106
1971	133	103	129	122	109
1972	145	105	140	131	110
1973 <u>3/</u>	156	105	151	147	106

1/ Hourly labor cost is the quotient of the indexes of total labor cost and man-hours worked.

2/ Unit labor cost is the quotient of the indexes of total labor cost and the retail price-weighted volume index. The volume index of farm food products is constructed by weighting the quantities consumed on a retail weight basis by 1957-59 average retail prices.

3/ Preliminary.

percent of the marketing bill in 1973, compared with 48 percent in 1972, and 43 percent a decade ago (fig. 9).

The increase in labor costs in 1973 came from increases in both hourly labor costs and total man-hours worked by employees of food marketing firms. Hourly labor costs in food marketing increased 7.9 percent from 1972 to 1973, slightly more than the average annual increase of 7.2 percent over the previous 5 years (table 11).

Unit labor costs rose 12 percent in 1973, reflecting the rise in hourly labor costs and a decline in productivity. The decline in output per man-hour in food marketing reflected a decrease in the volume of food marketed as increases occurred in man-hours worked.

Employment in food marketing has gone up gradually during the past decade as a result of

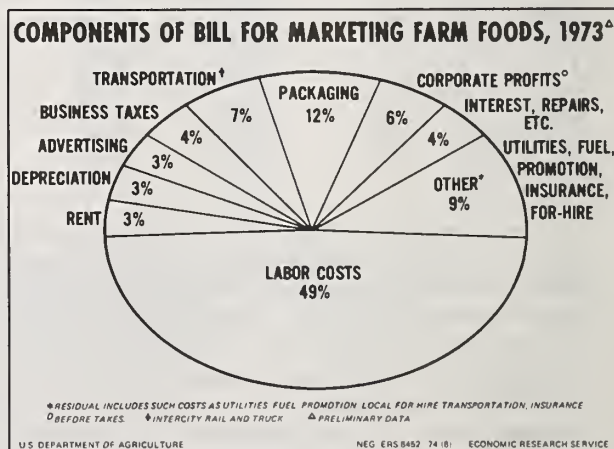


Figure 9

increases in the volume of food handled by the marketing system and increases in services per unit of product. The farm food marketing system employed 5.6 million workers (full-time equivalent basis) in 1973, slightly more than in 1972. Additional labor cost data are discussed in the marketing agency bill section of this article.

Packaging: The cost of packaging material used in marketing farm foods rose to \$10 billion in 1973, up \$0.6 billion, or about 6 percent, from a year ago. The Department of Commerce estimates that the value of packaging materials shipped for all uses (food and nonfood) increased about 8 percent. Price increases accounted for all the increases in value of material used in 1973. Smaller volumes of farm foods, particularly processed fruits and vegetables, resulted in little change in the quantity of packaging materials used in marketing farm foods. Food packaging materials accounted for less than 40 percent of all packaging material shipments last year, down from 42.5 percent in 1972.

Wholesale prices of many food packaging containers rose sharply in 1973, reversing the period of small price increases for food container materials for 1971 and 1972. Wholesale price increases for all materials increased about 11.5 percent last year. Paper products were in tight supply during part of 1973. The last half of 1973 saw tightening supplies and rising prices of petroleum-based packaging materials, such as plastic wrap, trays, and cartons. The full brunt of higher petroleum prices and supply adjustments for packaging material can be expected for 1974. Textile materials used as bagging and for other uses declined in 1973, due in part to shifting use of packaging material to more consumer-sized units and less bulk packaging.

Rail and Truck Transportation: The estimated cost of shipping farm food products by truck and rail was \$6.1 billion in 1973, unchanged from 1972. This figure does not include intracity truck transportation or air and water transportation for which no estimates are available. Transportation costs accounted for 7 percent of the total marketing bill in 1973, slightly less than in 1972.

Transportation rates increased an average of about 4 percent last year. However, the quantity of farm foods marketed to civilian consumers decreased resulting in no change in the food transportation bill.

The Interstate Commerce Commission authorized rail rate increases of 3 percent in August 1973 and 1.9 percent in October 1973. These higher rates in combination with increases authorized in October 1972 (4-6 percent) resulted in increased rail freight rate averages in 1973. About 10 actions to authorize increases have occurred in 1974, but most of these have been to recover higher fuel costs and costs of employee pension funds. The law on pension fund contributions was changed to require the railroads to

make larger contributions so as to fully fund the system. The increases authorized in the first 6 months of 1974, if fully effected by the railroads, would total about 15 percent. Actual changes occurring in 1974 are not yet available, but it is not likely that all increases were put into effect.

Fuel price increases and reduced speed limits on the highways, as well as increased wage rates, have caused a very rapid escalation in costs to truckers. Emergency rate increases have been authorized for regulated truckers. Similarly, indications are that rates on exempt truckers also have risen since the fall of 1973.

Capital Costs: Capital costs, which include depreciation, rent, and interest, totaled \$6.9 billion in 1973, 8 percent of the total food marketing bill. These costs rose about 6 percent in 1973, slightly more than in other years. Interest rates on long-term Aaa bonds, an indicator of the costs of new long-term credit, increased from 7.2 percent in 1972 to 7.4 percent in 1973, reversing the downtrend in money costs for financing new plants and equipment in 1971-72. The E. H. Boeckh Index of commercial and factory building costs increased 6.6 percent from 1972 to 1973. Rising construction costs increased depreciation costs and commercial rental rates for food marketing firms.

Advertising: Expenditures for advertising amounted to almost 2 cents of each food dollar in 1973, about the same as in other recent years. Advertising for farm food in 1973 totaled \$2.3 billion, with food processors accounting for roughly half of the expenditures. In 1973, expenditures for television advertising were three times greater than those for print media advertising. Fifteen years ago, expenditures to advertise farm foods were roughly equal in both media. Food advertising in general has continued to increase during changes in business activity.

Corporate Profits: Corporations derived \$4.6 billion in profits before Federal income taxes from marketing farm food products in 1973. This was \$1.1 billion higher than in 1972. Sales were greater and profit rates of corporations increased. After-tax profits amounted to less than one-half of before-tax profits in 1973.

Corporate profits amounted to 5.6 percent of the marketing bill in 1973, up from 4.5 percent in 1972. While profits are a relatively small proportion of the marketing bill, they exceed many individual cost components of the bill, such as depreciation, advertising, and rent.

Business Taxes: In 1973, business taxes totaled \$3.3 billion—up 3 percent from 1972—but almost double 10 years ago. Social Security payments have risen as a result of increases in rates and the maximum taxable income. Also, State and local tax rates have risen sharply in recent years.

At-Home Versus Away-From-Home Eating

The total marketing bill is divided into the at-home bill and the away-from-home bill. The at-home marketing bill is an estimate of charges for transporting, processing, and distributing U.S. farm foods purchased in food stores for use at home. The away-from-home marketing bill is an estimate of the costs and profits or transporting, processing, distributing, and preparing food for sale or use in public eating places and institutions. It includes costs and profits for food whether purchased for personal consumption, on business or travel, or as part of another service such as food served by airlines or hospitals.

Expenditures: Consumer expenditures for food at home were \$93.9 billion in 1973, or 71 percent of total U.S. farm food expenditures. Expenditures for food consumed away from home were \$38.3 billion, or 29 percent of total expenditures. These away-from-home food expenditures were up from 25 percent in 1963 (table 12).

Away-from-home eating is composed of two major submarkets—public eating places and institutions. Public eating places include restaurants, cafeterias, snack bars, vending machine outlets, and other eating places primarily operated for profit. In 1973, they accounted for \$29.4 billion of farm food expenditures, or about three-fourths of the away-from-home market. Expenditures in public eating places grew relatively faster than food store sales between 1964 and 1973, increasing the away-from-home share of expenditures for U.S. farm foods.

Until the last 3 years, institutions grew at an even faster rate than public eating places. Institutions, including schools, colleges, hospitals, rest and nursing homes, and airlines, served food valued at \$8.9 billion in 1973 and accounted for about 7 percent of total farm food expenditures. Decreased school enrollment and a decline in hospital patients have slowed the growth in institutional feeding.

Marketing Bill: The marketing bill for at-home eating accounts for a smaller proportion of consumer food expenditures than that for away-from-home eating. The at-home marketing bill amounted to \$53.3 billion in 1973—57 percent of consumer expenditures for food bought for use at home. In contrast, the away-from-home bill of \$29 billion accounted for 76 percent of away-from-home consumer expenditures for food in 1973. This contrast reflects the added cost of preparing and serving food consumed away from home. In 1973, public eating places incurred marketing costs of \$22 billion, and institutions, \$7 billion.

Farm Value: The at-home market represented four-fifths of total U.S. farm value, while public eating places accounted for another 14.8 percent, and institutions, the remainder. However, the farm value of food consumed away from home increased 121

percent between 1964-73, compared with a 96 percent increase for food consumed at home.

Commodity Use: In 1973, meat products represented the largest share of both at-home and away-from-home food expenditures (table 13). However, meat represented a larger proportion of food consumed away from home (42 percent) than food used at home (27 percent).

The importance of various food groups between the at-home and away-from-home markets differs primarily because of the relative importance of different meals. Breakfasts and dinners make up a larger proportion of meals served at home than of meals served in restaurants, where the away-from-home market serves a larger proportion of lunches. Fruits and vegetables, which are served more often with full meals than with sandwich-type lunches, account for about a fourth of expenditures of food consumed at home versus 10 percent of expenditures away from home.

There are differences in the commodity mix within the away-from-home market. Meat accounts for a larger share of food consumed in public eating places than in institutions. The opposite is true of fruits and vegetables, which are more important in institutions. Again, the difference in the proportion of meal types served is the prime reason for differences in composition of expenditures. Other food items, such as poultry, bakery, dairy, grain mill, and other food products, vary less between the two markets.

Marketing Bill for Marketing Agencies

Marketing agencies perform the functions of processing, wholesaling, and distributing food products. The marketing bill of marketing agencies and the labor and corporate profit components are shown in table 14 for 1958-73.

Food processors took the largest share of the total marketing bill in 1973, accounting for \$28 billion, or 34 percent, of the total bill (fig. 10). The processors'

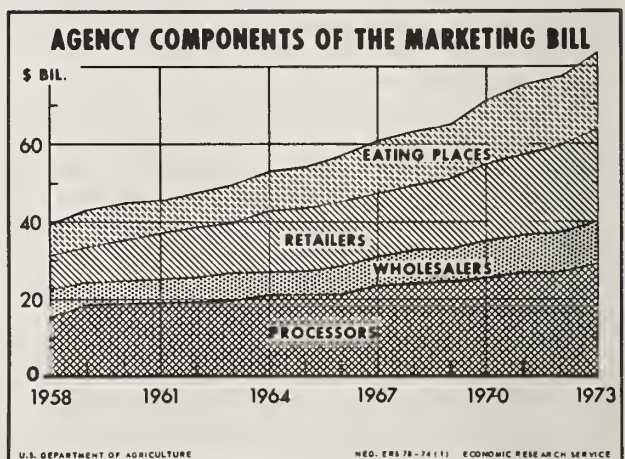


Figure 10

Table 12.--Consumer expenditures, marketing bill, and farm value, for U. S. farm foods, at-home and away-from-home, 1963-73.

Year	Total	At-home <u>2/</u>	Away-from-home		
			Total	Public eating : places 3/	Institutions 4/
<u>Billion dollars</u>					
Consumer expenditures					
1963	74.0	56.0	18.0	14.0	4.0
1964	77.5	58.5	19.0	14.8	4.2
1965	81.1	60.2	20.9	16.1	4.8
1966	86.9	64.0	22.9	17.8	5.1
1967	89.2	64.2	25.0	19.4	5.6
1968	93.9	67.4	26.5	20.5	6.0
1969	98.8	70.4	28.4	21.9	6.5
1970	106.0	74.6	31.4	23.8	7.6
1971	110.7	77.6	33.1	25.0	8.1
1972	117.1	82.1	35.0	26.8	8.2
1973 <u>1/</u> ...	132.2	93.9	38.3	29.4	8.9
Marketing bill					
1963	49.9	35.9	14.0	10.9	3.1
1964	52.6	37.8	14.8	11.6	3.2
1965	54.0	38.1	15.9	12.3	3.6
1966	57.1	39.8	17.3	13.5	3.8
1967	60.4	40.8	19.6	15.2	4.4
1968	63.5	42.7	20.8	16.1	4.7
1969	65.1	43.1	22.0	17.0	5.0
1970	71.2	46.2	25.0	18.8	6.2
1971	75.4	48.7	26.7	19.9	6.8
1972	78.4	50.7	27.7	21.0	6.7
1973 <u>1/</u> ...	82.3	53.3	29.0	22.0	7.0
Farm value					
1963	24.1	20.1	4.0	3.1	0.9
1964	29.9	20.7	4.2	3.2	1.0
1965	27.1	22.1	5.0	3.8	1.2
1966	29.8	24.2	5.6	4.3	1.3
1967	28.8	23.4	5.4	4.2	1.2
1968	30.4	24.7	5.7	4.4	1.3
1969	33.7	27.3	6.4	4.9	1.5
1970	34.8	28.4	6.4	5.0	1.4
1971	35.3	28.9	6.4	5.1	1.3
1972	38.7	31.4	7.3	5.8	1.5
1973 <u>1/</u> ...	49.9	40.6	9.3	7.4	1.9

1/ Preliminary. 2/ At-home is food consumed from the home food supply (primarily purchased from retail food stores). 3/ Includes restaurants, cafeterias, snack bars, and other eating establishments. 4/ Includes the value of food served in hospitals, schools, colleges, rest and nursing homes, and other institutions.

Table 13.--Consumer expenditures, marketing bill, and farm value for at-home and away-from-home consumption, by commodity group, 1973 ^{1/}

Commodity	:	:	Away-from-home 2/		
	Total	At-home	Total	Public eating places	Institutions
Million dollars					
Consumer expenditures					
Meat	41,161	24,945	16,216	12,852	3,364
Poultry products ...	10,257	7,456	2,801	2,032	769
Dairy products	19,049	13,908	5,141	3,465	1,676
Fruits and vegetables	26,007	22,022	3,985	2,769	1,216
Grain mill products ..	4,096	3,363	733	456	277
Bakery products	13,217	9,101	4,116	3,375	741
Miscellaneous	18,366	13,062	5,304	4,464	840
Total	132,153	93,857	38,296	29,413	8,883
Marketing bill					
Meat	20,144	9,075	11,069	8,561	2,508
Poultry products	5,026	2,866	2,160	1,508	652
Dairy products	10,720	6,893	3,827	2,536	1,291
Fruits and vegetables	19,096	16,235	2,861	1,989	872
Grain mill products ..	3,130	2,458	672	414	258
Bakery products	10,554	6,826	3,728	3,060	668
Miscellaneous	13,557	8,860	4,697	3,966	731
Total	82,227	53,213	29,014	22,034	6,980
Farm value					
Meat	21,017	15,870	5,147	4,291	856
Poultry products	5,231	4,590	641	524	117
Dairy products	8,329	7,015	1,314	929	385
Fruits and vegetables	6,911	5,787	1,124	780	344
Grain mill products ..	966	905	61	42	19
Bakery products	2,663	2,275	388	315	73
Miscellaneous	4,809	4,202	607	498	109
Total	49,926	40,644	9,282	7,379	1,903

^{1/} Preliminary.

^{2/} See table 12 for description of away-from-home consumption.

Table 14--Marketing bill for farm foods and labor and profit components, by marketing agency, 1958-73

Year	Total										Wholesalers and assemblers									
	Marketing : bill	before : taxes	Labor : cost	Other : costs	Marketing : bill	before : taxes	Profits : before	Labor : cost	Other : costs	Marketing : bill	before : taxes	Profits : before	Marketing : bill	before : taxes	Labor : cost	Other : costs	Marketing : bill	before : taxes	Labor : cost	Other : costs
Million dollars																				
1958	39,548	1,887	18,016	19,645	17,743	1,138	6,483	10,122	5,211	229	2,536	2,446	5,267	259	2,622	2,386	5,267	259	2,622	2,386
1959	42,408	2,065	18,779	21,564	19,054	1,124	6,769	11,061	5,267	273	2,658	2,594	5,525	273	2,658	2,594	5,525	273	2,658	2,594
1960	44,565	2,100	19,650	22,815	19,202	1,180	7,053	10,969	5,525	302	2,680	2,680	5,618	302	2,680	2,680	5,618	302	2,680	2,680
1961	45,674	2,163	19,892	23,619	19,771	1,286	7,171	11,314	5,618	329	2,683	2,996	6,008	329	2,683	2,996	6,008	329	2,683	2,996
1962	47,656	2,198	20,763	24,695	19,870	1,250	7,373	11,247	6,008	277	2,685	3,445	6,470	277	2,685	3,445	6,470	277	2,685	3,445
1963	49,895	2,423	21,316	26,156	19,762	1,578	7,415	10,769	6,470	409	2,770	3,287	6,466	409	2,770	3,287	6,466	409	2,770	3,287
1964	52,631	2,806	22,100	27,725	21,184	1,656	7,590	11,938	6,466	419	2,924	3,381	6,724	419	2,924	3,381	6,724	419	2,924	3,381
1965	54,001	3,007	23,337	27,657	20,473	1,800	7,947	10,726	6,724	467	3,115	3,764	7,346	467	3,115	3,764	7,346	467	3,115	3,764
1966	57,156	3,403	24,636	29,117	20,970	2,089	8,327	10,554	7,346	599	3,360	3,885	7,612	599	3,360	3,885	7,612	599	3,360	3,885
1967	60,411	3,380	25,897	31,134	23,560	1,910	8,821	12,829	7,612	637	3,959	3,860	8,136	637	3,959	3,860	8,136	637	3,959	3,860
1968	63,467	3,605	28,012	31,850	24,434	1,980	9,333	13,121	8,136	648	4,216	4,066	8,456	648	4,216	4,066	8,456	648	4,216	4,066
1969	65,131	3,559	30,406	31,166	24,202	1,883	10,119	12,200	8,456	730	4,597	4,161	8,930	730	4,597	4,161	8,930	730	4,597	4,161
1970	71,191	3,603	32,336	35,252	25,261	1,966	10,508	12,787	8,930	656	4,991	4,619	9,488	656	4,991	4,619	9,488	656	4,991	4,619
1971	75,415	3,684	34,477	37,254	26,718	2,095	10,900	13,723	9,488	980	5,283	5,481	10,266	980	5,283	5,481	10,266	980	5,283	5,481
1972	78,401	3,470	37,642	37,289	28,021	2,204	11,651	14,166	10,266				11,744							
1973	82,227	4,571	40,371	37,285	28,060	2,842	11,819	13,399	11,744											

Year	Eating places and institutions										Share of total marketing bill									
	Marketing : bill	before : taxes	Labor : cost	Other : costs	Marketing : bill	before : taxes	Profits : before	Labor : cost	Other : costs	Marketing : bill	before : taxes	Processors : salers	Wholesale- retailers	Marketing : bill	before : taxes	Profits : before	Marketing : bill	before : taxes	Profits : before	Marketing : bill
Million dollars																				
1958	8,648	428	4,977	3,243	7,946	92	4,020	3,834	44.8	13.2	21.9	20.1	20.1	44.8	13.2	21.9	44.8	13.2	21.9	20.1
1959	9,589	452	5,131	4,006	8,493	130	4,257	4,106	44.9	12.4	22.6	20.1	20.1	44.9	12.4	22.6	44.9	12.4	22.6	20.1
1960	10,951	450	5,413	5,089	8,888	197	4,526	4,165	43.1	12.4	24.6	19.9	19.9	43.1	12.4	24.6	43.1	12.4	24.6	19.9
1961	11,621	425	5,380	5,816	8,664	150	4,705	3,809	43.3	12.3	25.4	19.0	19.0	43.3	12.3	25.4	43.3	12.3	25.4	19.0
1962	12,495	469	5,616	6,410	9,283	150	5,091	4,042	41.7	12.6	26.2	19.5	19.5	41.7	12.6	26.2	41.7	12.6	26.2	19.5
1963	13,458	449	5,909	7,099	9,998	119	5,307	4,572	40.0	13.0	27.0	20.0	20.0	40.0	13.0	27.0	40.0	13.0	27.0	20.0
1964	15,240	561	6,126	8,553	9,741	179	5,614	3,948	40.2	12.3	29.0	18.5	18.5	40.2	12.3	29.0	40.2	12.3	29.0	18.5
1965	16,087	539	6,405	9,143	10,717	250	6,061	4,406	37.9	12.4	29.8	19.9	19.9	37.9	12.4	29.8	37.9	12.4	29.8	19.9
1966	17,054	551	6,644	9,859	11,786	296	6,550	4,940	36.7	12.9	29.8	20.6	20.6	36.7	12.9	29.8	36.7	12.9	29.8	20.6
1967	16,698	607	6,917	9,174	12,541	373	6,799	5,369	39.0	12.6	27.6	20.8	20.8	39.0	12.6	27.6	39.0	12.6	27.6	20.8
1968	17,625	663	7,424	9,538	13,272	363	7,603	5,306	38.5	12.8	27.8	20.9	20.9	38.5	12.8	27.8	38.5	12.8	27.8	20.9
1969	18,201	679	8,139	9,383	14,247	360	8,189	5,698	37.1	13.0	28.0	21.9	21.9	37.1	13.0	28.0	37.1	13.0	28.0	21.9
1970	20,738	719	8,808	11,211	16,262	270	8,804	7,188	35.5	12.6	29.1	22.8	22.8	35.5	12.6	29.1	35.5	12.6	29.1	22.8
1971	21,631	555	9,599	11,477	17,578	305	9,381	7,892	35.4	12.6	28.7	23.3	23.3	35.4	12.6	28.7	35.4	12.6	28.7	23.3
1972	22,390	266	10,565	11,559	17,724	344	10,435	6,945	35.7	13.1	28.6	22.6	22.6	35.7	13.1	28.6	35.7	13.1	28.6	22.6
1973	23,572	348	11,508	11,716	18,851	400	11,761	6,690	34.1	14.3	28.7	22.9	22.9	34.1	14.3	28.7	34.1	14.3	28.7	22.9

agency bill has declined in importance since 1958, from nearly 45 percent to the 1973 share of 34 percent. However, the processors' agency marketing bill increased from about \$18 billion in 1958 to \$28 billion in 1973—an annual rate of 3 percent.

Labor costs accounted for nearly 42 percent of the processors' bill in 1973, compared with less than 37 percent in 1958. Profits before taxes accounted for 10 percent. Corporate profits account for a larger share of the processing agency bill than that of any other food marketing agency bills, due partly to the greater predominance of corporate ownership among processors than among wholesalers and retailers.

Food wholesaling charges, amounting to \$11.7 billion, accounted for the smallest share of the total marketing bill in 1973. Wholesaling costs and profits reached a share of the total marketing bill of over 14 percent in 1973. Labor costs accounted for nearly 45 percent of wholesaling charges in 1973, the third largest share of an agency bill. Wholesalers' profits

before taxes at 8 percent ranked second to processors' as a share of an agency bill in 1973.

Retail food stores had the second largest agency bill in 1973—nearly 24 billion. Retailers' share of the total marketing bill increased from 22 percent in 1958 to 29 percent in 1973, with most of the increase occurring in 1973. Labor costs of \$11.5 billion accounted for slightly more than 48 percent of the agency bill.

Eating places and institutions have also increased their share of the total marketing bill, particularly since 1964. In 1973, their charges amounted to \$18.9 billion, or 23 percent of the marketing bill. While the marketing bill for eating places was next to the smallest, their labor costs, totaling \$11.8 billion, were the relatively highest cost component for any agency. Labor cost last year accounted for nearly 62 percent of the agency bill for eating places and institutions, up from 51 percent in 1958. The 1973 profit share was 2.1 percent.

Table 15.--The market basket of farm foods by product group: Retail cost, farm value, farm-retail spread, and farmer's share of retail cost,

Item	1973				1974	
	I	II	III	IV	I	II
----- Dollars -----						
Retail cost						
Market basket	1,413.83	1,497.05	1,603.67	1,634.65	1,720.02	1,730.83
Meat	477.90	507.99	559.87	547.65	560.14	515.94
Dairy	234.15	239.60	246.09	275.94	292.30	302.92
Poultry	59.89	70.25	89.01	69.33	72.27	65.53
Eggs	50.24	49.80	62.88	62.61	66.40	50.14
Bakery and cereal:						
All ingredients	195.73	203.51	211.46	243.40	259.34	275.57
Grain	--	--	--	--	--	--
Fresh fruits	60.62	66.58	71.55	68.70	68.51	72.38
Fresh vegetables	100.96	118.95	117.18	100.58	116.19	138.42
Proc. fruits and veg. ...	130.25	133.16	134.81	142.66	151.82	160.51
Fats and oils	44.55	46.58	49.61	59.35	64.16	72.46
Miscellaneous	59.53	60.63	61.21	64.43	68.89	76.96
Farm value						
Market basket	625.66	674.28	778.85	721.89	776.98	697.53
Meat	303.83	322.24	380.97	321.17	326.39	275.84
Dairy	112.80	114.69	124.28	143.69	156.07	150.72
Poultry	34.00	40.48	57.56	37.69	39.96	34.90
Eggs	33.45	33.25	46.23	44.14	46.83	32.11
Bakery and cereal:						
All ingredients	38.00	41.52	50.71	59.78	71.74	56.66
Grain	29.75	31.75	39.78	48.10	57.82	43.02
Fresh fruits	20.93	23.89	21.44	20.43	20.12	22.46
Fresh vegetables	36.18	46.40	40.09	30.31	40.41	47.70
Proc. fruits and veg. ...	24.35	24.75	25.82	28.49	32.47	34.42
Fats and oils	12.39	16.85	20.67	24.16	29.21	29.67
Miscellaneous	9.73	10.21	11.08	12.03	13.78	13.05
Farm-retail spread						
Market basket	788.17	822.77	824.82	912.76	943.04	1,033.30
Meat	174.07	185.75	178.90	226.48	233.75	240.10
Dairy	121.35	124.91	121.81	132.25	136.23	152.20
Poultry	25.89	29.77	31.45	31.64	32.32	30.63
Eggs	16.79	16.55	16.65	18.47	19.57	18.03
Bakery and cereal:						
All ingredients	157.73	161.99	160.75	183.62	187.60	218.91
Grain	--	--	--	--	--	--
Fresh fruits	39.69	42.69	50.11	48.27	48.39	49.92
Fresh vegetables	64.78	72.55	77.09	70.27	75.78	90.92
Proc. fruits and veg. ...	105.90	108.41	108.99	114.17	119.35	126.09
Fats and oils	32.16	29.73	28.94	35.19	34.95	42.79
Miscellaneous	49.80	50.42	50.13	52.40	55.11	63.91
Farmer's share						
----- Percent -----						
Market basket	44	45	49	44	45	40
Meat	64	63	68	59	58	53
Dairy	48	48	50	52	53	50
Poultry	57	58	65	54	55	53
Eggs	67	67	74	70	71	64
Bakery and cereal:						
All ingredients	19	20	24	25	28	21
Grain	15	16	19	20	22	16
Fresh fruits	35	36	30	30	29	31
Fresh vegetables	36	39	34	30	35	34
Proc. fruits and veg. ...	19	19	19	20	21	21
Fats and oils	28	36	42	41	46	41
Miscellaneous	16	17	18	19	20	17

Table 16.--Farm food products: Retail price, farm value, byproduct allowance, farm-retail spread, and farmer's share of retail price, second quarter 1974.

Product	Farm equivalent	Retail unit	Retail price	Gross farm value	Byproduct allowance	Net farm value	Farm-retail spread	Farmer's share
Beef, Choice grade	2.28 lb. Choice cattle	Pound	134.5	89.0	7.3	81.7	52.8	61
Lamb, Choice grade	2.43 lb. lamb	Pound	134.6	99.1	14.7	84.4	50.2	63
Pork	1.97 lb. hog	Pound	99.3	53.3	5.4	47.9	51.4	48
Butter	Milk for butter	Pound	93.6	161.5	109.4	52.1	41.5	56
Cheese, American proc.	Milk for American cheese	½ pound	75.3	35.0	.7	34.3	41.0	46
Ice cream	Cream, milk, and sugar	½ gallon	105.2	--	--	34.7	70.5	33
Milk, evaporated	Milk for evaporating	14½-ounce can	28.5	--	--	15.0	13.5	53
Milk, fresh								
Sold in stores	4.39 lb. Class I milk	½ gallon	80.1	--	--	43.4	36.7	54
Chicken, frying	1.41 lb. broiler	Pound	53.0	--	--	28.7	24.3	54
Turkey	1.28 lb. turkey	Pound	71.5	--	--	32.2	39.3	45
Eggs, Grade A Large	1.03 dozen	Dozen	68.5	--	--	43.9	24.6	64
Bread, white:								
All ingredients	U.S. farm ingredients	Pound	34.4	--	--	6.2	28.2	18
Wheat	.867 lb. wheat	Pound	--	5.2	.7	4.5	29.9	13
Bread, whole wheat	.708 lb. wheat	Pound	52.0	--	--	6.7	45.3	13
Cookies, sandwich	.528 lb. wheat	Pound	69.4	--	--	11.7	57.7	17
Corn flakes	2.87 lb. yellow corn	12 ounces	38.9	12.9	8.6	4.3	34.6	11
Flour, wheat	6.85 lb. wheat	5 pounds	106.5	42.1	5.7	36.4	70.1	34
Rice, long grain	1.59 lb. rough rice	Pound	53.2	24.5	2.2	22.3	30.9	42
Apples	1.04 lb. apples	Pound	35.0	--	--	12.6	22.4	36
Grapefruit	1.03 grapefruit	Each	18.7	--	--	4.1	14.6	22
Lemons	1.04 lb. lemons	Pound	41.0	--	--	10.1	30.9	25
Oranges	1.03 dozen oranges	Dozen	108.3	--	--	24.0	84.3	22
Cabbage	1.08 lb. cabbage	Pound	16.8	--	--	4.9	11.9	29
Carrots	1.03 lb. carrots	Pound	21.8	--	--	7.3	14.5	33
Celery	1.08 lb. celery	Pound	23.5	--	--	6.7	16.8	29
Cucumbers	1.09 lb. cucumbers	Pound	35.6	--	--	14.0	21.6	39
Lettuce	1.88 lb. lettuce	Head	45.2	--	--	13.3	31.9	29
Onions	1.06 lb. onions	Pound	20.5	--	--	5.2	15.3	25
Peppers, green	1.09 lb. peppers	Pound	63.1	--	--	25.7	37.4	41
Potatoes	10.42 lb. potatoes	10 pounds	223.5	--	--	81.8	141.7	37
Tomatoes	1.18 lb. tomatoes	Pound	58.2	--	--	23.5	34.7	40

Continued--

Table 16.--Farm food products: Retail price, farm value, byproduct allowance, farm-retail spread, and farmer's share of retail price, second quarter 1974..

Product	Farm equivalent	Retail unit	Retail price	Gross farm value	Byproduct allowance	Net farm value	Farm-retail spread	Farmer's share
					Cents			Percent
Peaches, canned	1.52 lb. Calif.							
	cling	No. 2½ can	48.7	--	--	8.9	39.8	18
Pears, canned	1.81 lb. pears for canning	No. 2½ can	61.3	--	--	13.0	48.3	21
Beets, canned	1.19 lb. beets for canning	No. 303 can	27.0	--	--	1.7	25.3	6
Corn, canned	2.25 lb. sweet corn	No. 303 can	27.5	--	--	3.1	24.4	11
Peas, canned	.725 lb. peas for canning	No. 303 can	29.9	--	--	4.4	25.5	15
Tomatoes, canned	1.515 lb. tomatoes for canning	No. 303 can	28.8	--	--	3.2	25.6	11
Lemonade, frozen	.834 lb. lemons for processing	6-ounce can	16.1	--	--	3.9	12.2	24
Orange juice, frozen	3.28 lb. oranges	6-ounce can	25.5	--	--	9.2	16.3	36
Potatoes, french fried, frozen	1.41 lb. potatoes	9 ounces	21.0	--	--	7.8	13.2	37
Peas, frozen	.68 lb. peas for canning	10 ounces	25.8	--	--	4.2	21.6	16
Beans, dried	1.04 lb. dry beans	Pound	80.0	--	--	40.9	39.1	51
Margarine	Soybeans, cottonseed, and milk	Pound	53.9	41.0	18.2	22.8	31.1	42
Peanut butter	1.21 lb. peanuts	12-ounce jar	58.9	--	--	20.0	38.9	34
Salad and cooking oil	Soybeans, cottonseed, and corn	24-oz. bottle	102.0	81.4	44.5	36.9	65.1	36
Vegetable shortening	Soybeans and cottonseed	3 pounds	171.7	145.9	65.8	80.1	91.6	47
Sugar	Sugar beets and cane	5 pounds	126.9	37.3	2.2	2/ 35.1	2/ 91.8	28
Spaghetti, canned	Wheat, tomatoes, cheese, and sugar	15½-ounce can	22.0	--	--	3.1	18.9	14

1/ Payment to farmers for equivalent quantities of farm products (gross farm value) minus imputed value of byproducts obtained in processing.

2/ Net farm value including Government payments to producers was 38.8 cents with a farmer's share of 31 percent. Farm-retail spread less Government processor tax was 89.1 cents.

Table 17.--Farm food products: Retail price, farm value, farm-retail spread, and farmer's share of retail price, second quarter 1974, first quarter 1974 and second quarter 1973.

Product 1/	Retail unit	Retail price			Farm value			Farm-retail spread			Farmer's share		
		II : 1974	I : 1974	II : 1973	II : 1974	I : 1974	II : 1973	II : 1974	I : 1974	II : 1973	II : 1974	I : 1974	II : 1973
Cents													
Beef, Choice	Pound	134.5	145.1	135.8	81.7	92.1	92.7	52.8	53.0	43.1	61	63	68
Lamb, Choice	Pound	134.6	136.3	134.0	84.4	80.7	71.7	50.2	55.6	62.3	63	59	51
Pork	Pound	99.3	115.2	103.1	47.9	66.0	64.8	51.4	49.2	38.3	48	57	63
Butter	Pound	93.6	97.5	85.2	52.1	66.2	51.3	41.5	31.3	33.9	56	68	60
Cheese, American													
process	½ pound	75.3	72.6	58.4	34.3	39.0	27.2	41.0	33.6	31.2	46	54	47
Ice cream	½ gallon	105.2	100.8	88.6	34.7	40.4	29.5	70.5	60.4	59.1	33	40	33
Milk, evaporated	14½-ounce can	28.5	26.7	21.9	15.0	15.1	10.4	13.5	11.6	11.5	53	57	47
Milk, fresh:													
Sold in stores	½ gallon	80.1	77.5	62.6	43.4	42.6	32.4	36.7	34.9	30.2	54	55	52
Chicken, frying	Pound	53.0	58.4	58.3	28.7	32.5	33.4	24.3	25.9	24.9	54	56	57
Turkey	Pound	71.5	81.8	68.5	32.2	42.5	41.5	39.3	39.3	27.0	45	52	61
Eggs, large Grade A ..	Dozen	68.5	91.0	68.9	43.9	64.2	46.0	24.6	26.8	22.9	64	71	67
Bread, white:													
All ingredients	Pound	34.4	32.8	26.2	6.2	8.3	4.9	28.2	24.5	21.3	18	25	19
Wheat	Pound	--	--	--	4.5	6.5	3.6	29.9	26.3	22.6	13	20	14
Bread, whole wheat ...	Pound	52.0	49.6	41.4	6.7	7.3	4.4	45.3	42.3	37.0	13	15	11
Cookies, sandwich ...	Pound	69.4	63.0	56.5	11.7	13.0	8.1	57.7	50.0	48.4	17	21	14
Corn flakes	12 ounces	38.9	36.4	31.9	4.3	4.5	3.2	34.6	31.9	28.7	11	12	10
Flour, white	5 pounds	106.5	101.9	68.8	36.4	52.6	29.0	70.1	49.3	39.8	34	52	42
Rice, long grain	Pound	53.2	51.5	26.7	22.3	24.2	12.3	30.9	27.3	14.4	42	47	46
Apples	Pound	35.0	32.2	31.0	12.6	10.9	13.0	22.4	21.3	18.0	36	34	42
Grapefruit	Each	18.7	18.2	18.1	4.1	3.5	4.4	14.6	14.7	13.7	22	19	24
Lemons	Pound	41.0	41.5	36.4	10.1	11.6	8.9	30.9	29.9	27.5	25	28	24
Oranges	Dozen	108.3	104.7	102.1	24.0	25.3	21.9	84.3	79.4	80.2	22	24	21
Cabbage	Pound	16.8	16.6	19.3	4.9	4.8	7.1	11.9	11.8	12.2	29	29	37
Carrots	Pound	21.8	21.4	21.0	7.3	6.2	6.8	14.5	15.2	14.2	33	29	32
Celery	Pound	23.5	21.6	23.2	6.7	5.1	6.0	16.8	16.5	17.2	29	24	26
Cucumbers	Pound	35.6	33.7	35.5	14.0	14.8	11.6	21.6	18.9	23.9	39	44	33
Lettuce	Head	45.2	34.2	50.0	13.3	11.0	22.4	31.9	23.2	27.6	29	32	45
Onions	Pound	20.5	23.6	34.6	5.2	9.5	17.7	15.3	14.1	16.9	25	40	51
Peppers, green	Pound	63.1	56.6	64.5	25.7	16.1	21.9	37.4	40.5	42.6	41	28	34
Potatoes	10 pounds	223.5	163.9	141.0	81.8	63.0	52.2	141.7	100.9	88.8	37	38	37
Tomatoes	Pound	58.2	58.8	46.8	23.5	20.6	19.8	34.7	38.2	27.0	40	35	42

Continued--

Table 17.--Farm food products: Retail price, farm value, farm-retail spread, and farmer's share of retail price, second quarter 1974, first quarter 1974 and second quarter 1973

Products	Retail unit	Retail price		Farm value		Farm-retail spread		Farmer's share	
		I	II	I	II	I	II	I	II
		1974	1973	1974	1973	1974	1973	1974	1973
Cents									
Percent									
Peaches, canned.....	No. 2½ can	48.7	39.7	8.9	7.1	39.8	32.6	18	19
Pears, canned.....	No. 2½ can	61.3	56.1	13.0	12.1	48.3	44.0	21	22
Beets, canned.....	No. 303 can	27.0	23.3	1.7	1.4	25.3	21.9	6	6
Corn, canned.....	No. 303 can	27.5	24.7	3.1	2.8	24.4	21.9	11	11
Peas, canned.....	No. 303 can	29.9	26.8	4.4	4.1	25.5	22.7	15	15
Tomatoes, canned.....	No. 303 can	28.8	24.4	3.2	2.7	25.6	21.7	11	11
Lemonade, frozen.....	6-ounce can	16.1	14.7	3.9	3.8	12.2	10.9	24	26
Orange juice, frozen..	6-ounce can	25.5	25.0	9.2	8.3	16.3	16.7	36	33
Potatoes, french fried, frozen.....	9 ounces	21.0	17.0	7.8	4.0	13.2	13.0	37	23
Peas, frozen.....	10 ounces	25.8	23.5	4.2	3.8	21.6	19.7	16	16
Beans, dried.....	Pound	80.0	26.8	40.9	12.8	39.1	14.0	51	48
Margarine.....	Pound	53.9	34.2	22.8	12.8	31.1	21.4	42	37
Peanut butter.....	12-ounce jar	58.9	51.9	20.0	17.2	38.9	34.7	34	33
Salad and cooking oil.....	24-oz. bottle	102.0	66.3	36.4	19.6	65.1	46.7	36	30
Vegetable shortening..	3 pounds	171.7	101.3	80.1	44.2	91.6	57.1	47	44
Sugar.....	5 pounds	126.9	73.1	35.1	31.5	91.8	41.6	28	43
Spaghetti, canned....	15½-oz. can	22.0	20.0	3.1	2.4	18.9	17.6	14	12

1/ Primary products in the farm-food market basket.

2/ Preliminary.

Table 18--Beef, Choice: Retail price, carcass value, farm value, farm-retail spread, and farmer's share of retail price, annually 1970-73 and quarterly and monthly 1970-74 revised 1/

Date	Retail price	Carcass	Gross	Byproduct	Net	Farm-retail spread		Farmer's	
	per pound	value	farm	allowance	farm	Total	Carcass	Farm	share
	2/	3/	4/	5/	6/	: retail	: carcass	: share	
	Cents								Percent
1970	98.6	68.3	66.2	4.7	61.5	37.1	30.3	6.8	62
1971	104.3	75.7	72.3	4.5	67.8	36.5	28.6	7.9	65
1972	113.8	80.1	79.8	7.4	72.4	41.4	33.7	7.7	64
1973	135.5	98.1	100.0	10.1	89.9	45.6	37.4	8.2	66
1970									
I	98.1	68.6	66.3	4.9	61.4	36.7	29.5	7.2	63
II	99.3	69.3	68.1	4.9	63.2	36.1	30.0	6.1	64
III	99.9	70.3	68.0	4.7	63.4	36.5	29.6	6.9	63
IV	97.3	64.9	62.4	4.5	58.0	39.3	32.4	6.9	60
1971									
I	100.2	72.9	69.0	4.2	64.8	35.4	27.3	8.1	65
II	104.8	76.3	72.7	4.6	68.1	36.7	28.5	8.2	65
III	105.4	76.2	73.0	4.5	68.5	36.9	29.2	7.7	65
IV	106.6	77.4	74.5	4.6	69.9	36.7	29.2	7.5	66
1972									
I	114.4	81.4	79.3	5.7	73.6	40.8	33.0	7.8	64
II	112.3	81.3	80.4	6.9	73.5	38.8	31.0	7.8	65
III	115.3	79.9	80.5	7.9	72.6	42.7	35.4	7.3	63
IV	113.2	77.8	78.9	8.9	70.0	43.2	35.4	7.8	62
1973									
I	129.2	95.2	96.6	9.4	87.2	42.0	34.0	8.0	67
II	135.8	100.2	102.7	10.0	92.7	43.1	35.6	7.5	63
III	141.8	105.0	110.4	11.6	98.8	43.0	36.8	6.2	70
IV	135.1	92.2	90.2	9.5	80.7	54.4	42.9	11.5	60
1974									
I	145.1	104.0	101.5	9.4	92.1	53.0	41.1	11.9	63
II	134.5	93.6	89.0	7.3	81.7	52.8	40.9	11.9	61
1970									
Jan.	97.5	67.5	63.5	4.7	58.8	38.7	30.0	8.7	60
Feb.	97.3	67.3	65.7	5.0	60.7	36.6	30.0	6.6	62
Mar.	99.4	71.0	69.8	5.2	64.6	34.8	28.4	6.4	65
Apr.	99.9	70.4	69.2	5.2	64.0	35.9	29.5	6.4	64
May	99.4	68.1	66.8	4.9	61.9	37.5	31.3	6.2	62
June	98.5	69.5	68.4	4.6	63.8	34.7	29.0	5.7	65
July	100.7	72.4	69.9	4.5	65.4	35.3	28.3	7.0	65
Aug.	100.4	70.3	67.6	4.6	63.0	37.4	30.1	7.3	63
Sept.	98.7	68.3	66.4	4.7	61.7	37.0	30.4	6.6	63
Oct.	97.9	66.3	65.1	4.9	60.2	37.7	31.6	6.1	61
Nov.	97.6	65.0	61.8	4.4	57.4	40.2	32.6	7.6	59
Dec.	96.5	63.5	60.3	4.0	56.3	40.3	33.0	7.2	58
1971									
Jan.	97.2	69.9	64.1	3.8	60.3	36.9	27.3	9.6	62
Feb.	101.3	74.7	71.8	4.4	67.4	33.9	26.6	7.3	67
Mar.	102.2	74.0	71.2	4.5	66.7	35.5	28.2	7.3	65
Apr.	104.0	75.7	72.5	4.7	67.8	36.2	28.3	7.9	65
May	104.8	77.6	73.3	4.7	68.6	36.2	27.2	9.0	65
June	105.7	75.7	72.4	4.6	67.8	37.9	30.0	7.9	64
July	104.7	75.5	72.3	4.5	67.8	36.9	29.2	7.7	65
Aug.	105.7	77.3	74.0	4.4	69.6	36.1	28.4	7.7	66
Sept.	105.9	75.8	72.7	4.6	68.1	37.8	30.1	7.7	64
Oct.	105.1	74.3	72.1	4.6	67.5	37.6	30.8	6.8	64
Nov.	106.3	77.6	74.9	4.7	70.2	36.1	28.7	7.4	66
Dec.	108.5	80.3	76.6	4.7	71.9	36.6	28.2	8.4	66

Continued

Table 18--Beef, Choice: Retail price, carcass value, farm value, farm-retail spread, and farmer's share of retail price, annually 1970-73 and quarterly and monthly 1970-74 revised 1/--Continued

Date	:	:	:	:	:	:	:	:	:
	: Retail price	: Carcass	: Gross	: Byproduct	: Net	:	: Farm-retail spread	:	: Farmer's
	: per pound	: value	: farm	: allowance	: farm	: Total: Carcass--	: Farm--	: share	
	: 2/	: 3/	: 4/	: 5/	: 6/	:	: retail	: carcass:	
	Cents					Percent			
1972									
Jan.	111.5	82.5	79.1	5.1	74.0	37.5	29.0	8.5	66
Feb.	115.8	82.7	80.4	5.5	74.9	40.9	33.1	7.8	65
Mar.	115.8	79.1	78.3	6.5	71.8	44.0	36.7	7.3	62
Apr.	112.0	77.4	77.1	6.9	70.2	41.8	34.6	7.2	63
May	111.4	81.2	79.8	7.0	72.8	38.6	30.2	8.4	65
June	113.5	85.2	84.4	7.0	77.4	36.1	28.3	7.8	68
July	117.3	84.4	84.8	7.5	77.3	40.0	32.9	7.1	66
Aug.	115.8	78.6	79.0	8.1	70.9	44.9	37.2	7.7	61
Sept.	112.9	76.8	77.7	8.2	69.5	43.4	36.1	7.3	62
Oct.	112.8	76.5	78.2	9.2	69.0	43.8	36.3	7.5	61
Nov.	112.3	74.2	75.7	9.2	66.5	45.8	38.1	7.7	59
Dec.	114.6	82.7	82.8	8.3	74.5	40.1	31.9	8.2	65
1973									
Jan.	122.1	90.4	91.0	8.8	82.2	39.9	31.7	8.2	67
Feb.	130.3	95.9	97.0	9.7	87.3	43.0	34.4	8.6	67
Mar.	135.3	99.3	101.7	9.6	92.1	43.2	36.0	7.2	68
Apr.	136.0	99.8	100.5	9.3	91.2	44.8	36.2	8.6	67
May	136.0	99.2	102.7	10.2	92.5	43.5	36.8	6.7	68
June	135.5	101.5	105.0	10.6	94.4	41.1	34.0	7.1	70
July	136.3	102.7	107.9	11.4	96.5	39.8	33.6	6.2	71
Aug.	144.2	7/ 112.0	121.2	12.9	108.3	35.9	32.2	3.7	75
Sept.	144.9	102.0	102.0	10.3	91.7	53.2	42.9	10.3	63
Oct.	136.0	92.7	92.7	9.7	83.0	53.0	43.3	9.7	61
Nov.	134.9	90.3	89.4	9.7	79.7	55.2	44.6	10.6	59
Dec.	134.4	93.6	88.5	9.0	79.5	54.9	40.8	14.1	59
1974									
Jan.	143.0	107.1	106.6	10.0	96.6	46.4	35.9	10.5	68
Feb.	150.0	108.6	103.4	9.3	94.1	55.9	41.4	14.5	63
Mar.	142.2	96.3	94.6	8.9	85.7	56.5	45.9	10.6	60
Apr.	136.4	95.0	92.4	8.2	84.2	52.2	41.4	10.8	62
May	135.0	95.5	90.5	7.3	83.2	51.8	39.5	12.3	62
June	132.2	90.2	84.2	6.5	77.7	54.5	42.0	12.5	59
July									
Aug.									
Sept.									
Oct.									
Nov.									
Dec.									

1/ Revised series incorporating changes in transportation charges and other farmer marketing costs. See note in August 1974 issue of the Marketing and Transportation Situation for description of revision. Historical data for 1949 to 1969 is published in Farm-Retail Spreads for Food Products, USDA, ERS, Misc. Pub. No. 741.

2/ Weighted average price price of retail cuts from Choice beef carcass.

3/ Wholesale value of 1.41 pounds--the quantity of Choice carcass equivalent to 1 pound of retail cuts.

4/ Payment to farmer for 2.28 pounds Choice steer minus allowance for value of byproducts.

5/ Portion of gross farm value attributed to edible and inedible byproducts.

6/ Gross farm value minus byproduct allowance.

7/ Estimated.

Table 19 --Pork: Retail price, wholesale value, farm value, farm-retail spread, and farmer's share of retail price annually 1970-73 and quarterly and monthly 1970-74 revised 1/

Date	Retail price	Wholesale	Gross farm	Byproduct allowance	Net farm	Farm-retail spread		Farmer's share	
	per pound	value	value	value	value	Total	Carcass	Farm	share
	2/	3/	4/	5/	6/	retail	carcass		
	Cents					Percent			
1970	78.0	58.8	42.8	3.4	39.4	38.6	19.2	19.4	51
1971	70.3	52.1	35.0	2.7	32.3	38.0	18.2	19.8	46
1972	83.2	65.3	51.2	3.5	47.7	35.5	17.9	17.6	57
1973	109.8	87.3	78.2	6.7	71.5	38.3	22.5	15.8	65
1970									
I	81.8	64.7	52.0	4.1	47.9	33.9	17.1	16.8	59
II	80.0	60.7	45.5	3.6	41.9	38.1	19.3	18.8	52
III	79.0	58.1	42.8	3.3	39.5	39.5	20.9	18.6	50
IV	71.3	51.5	30.8	2.4	28.4	42.9	19.8	23.1	40
1971									
I	69.2	50.2	33.1	2.6	30.5	38.7	19.0	19.7	44
II	68.8	49.9	32.5	2.5	30.0	38.8	18.9	19.9	44
III	71.3	52.8	36.3	2.8	33.5	37.8	18.5	19.3	47
IV	71.9	55.4	37.9	2.7	35.2	36.7	16.5	20.2	49
1972									
I	79.0	61.4	47.0	3.3	43.7	35.3	17.6	17.7	55
II	79.9	61.1	47.5	3.3	44.2	35.7	18.8	16.9	55
III	86.1	67.2	55.2	3.8	51.4	34.7	18.9	15.8	60
IV	87.7	71.6	55.3	3.7	51.6	36.1	16.1	20.0	59
1973									
I	98.1	80.1	68.4	4.8	63.6	34.5	18.0	16.5	65
II	103.1	79.4	70.8	6.0	64.8	38.3	23.7	14.6	63
III	121.8	101.7	94.8	8.7	86.1	35.7	20.1	15.6	71
IV	116.1	87.9	78.9	7.4	71.5	44.6	28.2	16.4	62
1974									
I	115.2	82.3	73.7	7.7	66.0	49.2	32.9	16.3	57
II	99.3	66.4	53.3	5.4	47.9	51.4	32.9	18.5	48
1970									
Jan.	82.1	65.9	52.4	3.9	48.5	33.6	16.2	17.4	59
Feb.	81.8	65.2	54.0	4.1	49.9	31.9	16.6	15.3	61
Mar.	81.4	63.0	49.5	4.2	45.3	36.1	18.4	17.7	56
Apr.	79.9	60.4	45.8	3.9	41.9	38.0	19.5	18.5	52
May	80.0	60.4	44.8	3.4	41.4	38.6	19.6	19.0	52
June	80.0	61.3	45.8	3.4	42.4	37.6	18.7	18.9	53
July	80.6	61.8	47.9	3.4	44.5	36.1	18.8	17.3	55
Aug.	79.7	57.3	42.0	3.3	38.7	41.0	22.4	18.6	49
Sept.	76.7	55.1	38.5	3.1	35.4	41.3	21.6	19.7	46
Oct.	74.6	52.5	33.7	2.8	30.9	43.7	22.1	21.6	41
Nov.	70.8	50.7	29.3	2.3	27.0	43.8	20.1	23.7	38
Dec.	68.4	51.4	29.3	2.1	27.2	41.2	17.0	24.2	40
1971									
Jan.	68.4	48.7	30.4	2.3	28.1	40.3	19.7	20.6	41
Feb.	69.4	51.8	36.7	2.9	33.8	35.6	17.6	18.0	49
Mar.	69.9	50.2	32.1	2.6	29.5	40.4	19.7	20.7	42
Apr.	68.7	47.9	30.3	2.5	27.8	40.9	20.8	20.1	40
May	68.2	50.4	32.7	2.6	30.1	38.1	17.8	20.3	44
June	69.6	51.5	34.6	2.6	32.0	37.6	18.1	19.5	46
July	71.4	53.7	37.5	2.9	34.6	36.8	17.7	19.1	48
Aug.	71.6	52.1	35.9	2.8	33.1	38.5	19.5	19.0	46
Sept.	71.0	52.5	35.6	2.7	32.9	38.1	18.5	19.6	46
Oct.	71.3	55.7	37.4	2.8	34.6	36.7	15.6	21.1	49
Nov.	71.4	54.5	36.6	2.6	34.0	37.4	16.9	20.5	48
Dec.	72.9	56.0	39.7	2.7	37.0	35.9	16.9	19.0	51

Continued

Table 19--Pork: Retail price, wholesale value, farm value, farm-retail spread, and farmer's share of retail price annually 1970-73 and quarterly and monthly 1970-74 revised 1/--Continued

Date	:	:	:	Gross	:	:	Net	:	:	
	Retail price	Wholesale		farm	Byproduct	farm		Farm-retail spread	Farmer's	
	per pound	value		value	allowance	value		Total: Carcass-	Farm- : share	
	2/	3/		4/	5/	6/		retail :carcass:		
	Cents					Percent				
1972	:	:	:	:	:	:	:	:	:	
Jan.	76.3	60.2		47.3	3.2	44.1	32.2	16.1	16.1	58
Feb.	81.3	63.2		48.8	3.4	45.4	35.9	18.1	17.8	56
Mar.	79.4	60.8		44.8	3.1	41.7	37.7	18.6	19.1	53
Apr.	78.2	58.4		43.4	3.2	40.2	38.0	19.8	18.2	51
May	79.4	61.2		48.2	3.3	44.9	34.5	18.2	16.3	57
June	82.0	63.6		51.0	3.5	47.5	34.5	18.4	16.1	58
July	85.6	64.3		54.6	3.7	50.9	34.7	21.3	13.4	59
Aug.	86.0	67.6		55.2	3.8	51.4	34.6	18.4	16.2	60
Sept.	86.6	69.8		55.7	3.8	51.9	34.7	16.8	17.9	60
Oct.	87.5	70.5		53.7	3.6	50.1	37.4	17.0	20.4	57
Nov.	87.2	69.7		53.1	3.3	49.8	37.4	17.5	19.9	57
Dec.	88.5	74.6		59.0	4.1	54.9	33.6	13.9	19.7	62
1973	:	:	:	:	:	:	:	:	:	:
Jan.	94.1	76.5		62.3	4.0	58.3	35.8	17.6	18.2	62
Feb.	97.1	80.3		69.6	4.9	64.7	32.4	16.8	15.6	67
Mar.	103.0	83.4		73.4	5.7	67.7	35.3	19.6	15.7	66
Apr.	102.7	79.3		68.3	5.5	62.8	39.9	23.4	16.5	61
May	102.4	78.5		69.9	6.0	63.9	38.5	23.9	14.6	62
June	104.1	80.3		74.2	6.6	67.6	36.5	23.8	12.7	65
July	107.5	95.6		90.1	7.8	82.3	25.2	11.9	13.3	77
Aug.	131.5	113.0		109.9	10.7	99.2	32.3	18.5	13.8	75
Sept.	126.3	96.5		84.5	7.8	76.7	49.6	29.8	19.8	61
Oct.	117.1	87.2		81.2	8.1	73.1	44.0	29.9	14.1	62
Nov.	115.4	88.0		79.0	7.3	71.7	43.7	27.4	16.3	62
Dec.	115.8	88.6		76.6	6.9	69.7	46.1	27.2	18.9	60
1974	:	:	:	:	:	:	:	:	:	:
Jan.	116.7	85.9		78.0	7.5	70.5	46.2	30.8	15.4	60
Feb.	117.2	85.9		76.4	8.3	68.1	49.1	31.3	17.8	58
Mar.	111.8	75.2		66.8	7.3	59.5	52.3	36.6	15.7	53
Apr.....	104.7	70.5		58.2	6.1	52.1	52.6	34.2	18.4	50
May	99.4	64.5		49.5	5.0	44.5	54.9	34.9	20.0	45
June	93.7	64.1		52.1	5.0	47.1	46.6	29.6	17.0	50
July										
Aug.										
Sept.										
Oct.										
Nov.										
Dec.										

1/ Revised series incorporating changes in transportation charges and other farmer marketing costs. See note in August 1974 issue of the Marketing and Transportation Situation for description of revision. Historical data for 1949 to 1969 is published in Farm-Retail Spreads for Food Products, USDA, ERS, Misc. Pub. No. 741.

2/ Weighted average price of pork cuts.

3/ Wholesale value of 1.07 pounds--the quantity of wholesale cuts equivalent to 1 pound of retail cuts.

4/ Payment to farmer for 1.97 pounds live hog minus allowance for value of byproducts.

5/ Portion of gross farm value attributed to lard and other edible and inedible byproducts.

6/ Gross farm value minus byproduct allowance.

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